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ABSTRACT

This teacher resource manual for 3rd-and 4th-grade student's uses a wide variety of instructional activities for teaching economics education. The activities include role playing in small groups, producing bookmarks, and making decisions. Students are given the opportunity to interview adults, perform services for their families, do independent research, conduct experiments, and perform in skits. As a class they participate in a trading activity, engage in a classroom competition, and take part in a simulation. Discussion, reading, and writing clarify and reinforce the concepts that the activities are designed to teach. The manual contains 15 step-by-step lesson plans and reductions of the student pages for quick reference. Performance outcomes, a planning chart, and a 57-term glossary also are included. The companion student activities manual contains 39 supporting activities. The pages include family letters, scripts, activity cards, patterns, and a variety of other classroom materials in blackline master form. (LB)

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TEACHER RESOURCE MANUAL

Master Curriculum Guide in Economics

TEACHING STRATEGIES 3-4

Cynthia Lieb • Robert L. Stout

ED 425 120

SO 030 551

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THE EconomicsAmerica AND EconomicsInternational PROGRAMS

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TEACHING STRATEGIES 3-4

Cynthia Lieb • Robert L. Stout

National Council
on Economic Education

THE **Economics**America AND **Economics**International PROGRAMS

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FOREWORD

An understanding of how our economic system functions and an ability to use basic economic reasoning are absolutely necessary if students are to prepare for responsible citizenship and for productive employment in the modern economy.

EconomicsAmerica, the nation's economics program for kindergarten through twelfth grade, can help students achieve the proficiency required to function as citizens and in the workplace. *Teaching Strategies, 3-4*, is part of the core of a new generation of instructional materials that launch **EconomicsAmerica**, the culmination of a search by the National Council on Economic Education for greater coherence and sharper focus for its work with the nation's schools. **EconomicsAmerica** reflects the National Council's commitment to educational reform. We know that instruction is most effective when teachers have solid understanding of subject matter and sound, creative teaching materials. Therefore, the National Council promotes staff development through workshops and courses and through high-quality instructional materials for teachers and students. The most effective use of this volume is within the context of the education and assistance provided by our councils and university centers. Our nationwide network of councils and centers sets the standards, offers staff development, assists schools with curriculum development, makes instructional materials available, and evaluates results.

Working closely with the authors to develop this publication were members of the National Council team: Project Director, Patricia Elder, and former staff members, Joan Sullivan Baranski and Robert Highsmith. The authors and the National Council staff have made an important contribution to economic education.

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INTRODUCTION

Teaching Strategies, 3-4 is part of a new generation of instructional materials launching **EconomicsAmerica**, the National Council's program for economic education in America's schools. For more than forty-five years, the National Council network has helped schools improve the economic literacy of the nation's youth through effective instructional materials and staff development.

The instructional core of **EconomicsAmerica** is articulated in the *Master Curriculum Guide* publications, which are designed to help school systems incorporate economics into their curricula. An outgrowth of the **Economics America Schools Program**, formerly known as the Developmental Economic Education Program, this core is based on *A Framework for Teaching Basic Economic Concepts*. The *Framework* outlines the fundamental knowledge that an economically literate person should have and recommends grade placement for this content.

Developmental Approach

The guides build progressively on earlier knowledge, addressing economic concepts with increasing sophistication at each level.

For students in the third and fourth grades, the social world is expanding and taking firmer shape as they acquire new experience. Children of this age still interpret events primarily through the filter of self, although they are increasingly interested in other people. The lessons in this guide build on the unique world in which middle-grade children live. It is a world with grown-ups who work, earn money, buy things, and make choices. It is a world in which they too must make choices, such as how to spend their free time Sunday afternoon, or whether to save for a new bicycle or try to have the old one repaired. The lessons help teachers enter the student's world and tap their natural eagerness to learn and to interact with their peers. Teachers can use these lessons to help children understand the world around them better.

The instructional activities in this guide reflect the developmental characteristics of students this age. Students engage in a wide variety of activities. In small groups they role play, produce bookmarks, and make decisions. They have opportunities to interview adults, perform services for their families, do independent research, conduct experiments, and perform in skits. As a class they take part in a trading activity, engage in a classroom competition, and take part in a simulation. Discussion, reading, and writing clarify and reinforce the concepts that the activities are designed to teach.

Performance Outcomes

An economically literate population is essential to the well-being of our nation. This new generation of *Teaching Strategies* builds on the curriculum reform efforts of the last three decades and reflects current concerns. One such concern has resulted in greater attention to the performance outcomes of economics learning, that is, what students are able to **do** with their conceptual knowledge and analytical skills. This definition of economic literacy embraces more than just mastery of cognitive tests. In step with the vanguard thinking that is leading national evaluation trends, the National Council is in the process of defining outcomes that constitute economic literacy. The council has identified six basic student outcomes:

- **Responsible citizens** — By acting on relevant information, students will become responsible participants in the political process.
- **Productive workers** — By investing in their own human capital, students will become more productive throughout their working lives.
- **Knowledgeable consumers** — By assessing the costs and benefits of their consumer decisions, students will be better able to provide for their own and their families' well-being.
- **Prudent savers and investors** — By analyzing the costs and benefits of their saving and investment decisions, students will contribute to their own and the nation's long-term economic well-being.
- **Effective participants in the global economy** — By gaining perspective on their role in the world economy, students will develop the ability to compete in the global marketplace.
- **Lifelong decision makers** — By exercising reasoning skills and applying economic knowledge, students will learn to make more effective choices in an ever-changing society.

These outcomes serve as an important reminder of the ultimate reasons for learning economics. The successful implementation of the lessons in this volume will help move students toward the performance outcomes on the chart on page x.

Format

The Teacher Resource Manual contains step-by-step lesson plans and reductions of the student pages for quick reference. Student Activity pages include family letters, scripts, activity cards, patterns, and a variety of other classroom materials in blackline master form. (Purchasers of this manual have the National Council's permission to reproduce these pages for classroom use.)

The lessons use a newly designed, streamlined format linking the material closely to the *Framework*. The lessons also incorporate the most important elements of traditional lesson plans and provide several new features.

The four parts of each lesson are:

- **FOCUS**

Focuses the teacher on the economics content of the lesson by summarizing the content, listing the concepts, and providing brief statements about the content in student language (*Preview*).

- **PREPARE**

Provides a list of materials required and explains any preparations the teacher must make before the lesson is taught.

- **TEACH**

Provides step-by-step instructions for teaching the lesson. Includes activities that reinforce critical thinking, creative thinking, and cooperative learning.

- **CONNECT**

Offers suggestions for reinforcing the economic concepts within other subject areas, through children's literature, through family activities, and through community involvement.

Marginal notes provide instructional tips and alert teachers to concepts that may be challenging to students. The space may also be used to add personal notes as the lesson is taught.

The elementary school materials produced by the National Council have long had a strong interdisciplinary emphasis. The new generation of elementary strategies guides carries this tradition even further with the *Connect* section, which offers a variety of suggestions for reinforcing the economic content in other subjects. This section also features *Family Corner*, ready-to-use copy for a family newsletter; *Community Corner*, ideas for bringing the community into the classroom; and *Children's Literature*, an annotated list of related trade books.

The Planning Chart appearing on the following pages displays the concepts, lesson summaries, and materials required for all 15 lessons.

Performance Outcomes

An economically literate population is critical to the well-being of our nation. The results of successfully implementing the lessons contained in the 3-4 Master Curriculum Guide will help move students toward these performance outcomes:

Lesson	Informed Citizens	Productive Workers	Knowledgeable Consumers	Prudent Savers and Investors	Effective Participants in the Global Economy	Lifelong Decision Makers
1	X		X			X
2		X				X
3	X		X		X	X
4	X					X
5	X	X	X			X
6	X		X			
7	X		X		X	
8	X		X			X
9	X	X	X			
10	X		X			X
11	X		X			X
12	X	X	X			X
13	X	X				X
14	X	X	X	X	X	X
15	X	X	X	X	X	X

Planning Chart

Shown here are lesson summaries to help in planning.

LESSON	CONCEPTS	SUMMARY	MATERIALS NEEDED
1. Everybody Wants Everything	scarcity, wants, resources, goods, services	By examining their wants, students identify goods and services that can satisfy their wants.	magazines, scissors, construction paper, glue
2. Service with a Smile	goods, services, productive resources, natural resources, human resources, capital resources	After learning about goods and services and resources, students make a coupon book of services to offer to their family.	Activities 1, 2, 3, and 4, construction paper, hole punch; yarn, string or paper fasteners, coupon book instruction page, felt markers, crayons or colored pencils, photograph of each student (optional)
3. Wooden Opportunities	resources, alternative, opportunity cost	Through research and class discussion, students learn that when they choose something, there is always an opportunity cost.	Activities 5 and 6, encyclopedias, atlas, large map of the world
4. Olympic-Minded Decisions	decision making, opportunity cost, alternatives, criteria	Students learn to use the PACE model for making decisions.	Activities 7 and 8
5. Getting More Out of Less	productivity, specialization, interdependence, division of labor	By participating in a production activity, students learn ways to increase productivity.	Activities 9 and 35, pencils, scissors, bottles of white glue, sheets of oaktag, sheets of red, white, and blue construction paper
6. Circles within Circles	goods, services, resources, market, income, revenue, costs of production, consumers, producers, profit	Through a skit, students learn how a circular flow of goods and services and resources operates in a market economy.	Activities 10 and 11, colored oaktag, costume cards with yarn (for narrator, household, business, productive resources, goods and services, money), cards, ball of yarn
7. Let's Trade	barter, specialization, interdependence	By participating in a trading activity, students learn that using money instead of barter makes trading easier.	Activities 12, 13, and 14
8. Money Is What Money Does	money, barter, exchange, functions of money, medium of exchange, standard of value, store of value	Through an experiment, students learn the functions and characteristics of money.	Activity 15, cup of sand, pencils, pack of chewing gum, gold glitter, brick, index cards

LESSON	CONCEPTS	SUMMARY	MATERIALS NEEDED
9. A Cracker Jack Lesson	price, consumer, costs of production, profit	Students use the decision-making process to compare the price of a box of Cracker Jack with the price of a box of home-made Cracker Jack.	Activities 16, 17, and 18, box of Cracker Jack, bag of popcorn kernels, bag of shelled peanuts, jar of honey, margarine, popcorn popper, saucepan, jelly roll pan, hot plate or stove and over, large bowl, wooden spoon, measuring cups
10. A Taxing Situation	taxes, sales tax, income tax, excise tax	By participating in a role playing activity, students learn which goods and services are provided by different levels of government, and which taxes are collected.	Activities 19, 20, 21, 22, and 36, sheets of oaktag
11. Those Golden Jeans	supply, demand, consumer, businesses, price, equilibrium price, shortage, surplus	Students discover how pizza prices are determined. Then, after reading the history of jeans and the gold rush, students participate in a role-play activity and determine the price for jeans based on supply and demand.	Activities 23 and 24, old flannel shirts, blue jeans, and hats
12. A Classy Competition	competition, incentives	By participating in a class competition for better grades and completed homework assignments, students see that competition increases productivity.	Activity 25, advertisements for cars
13. The Working World	work, employment, human capital, unemployment	By interviewing adult workers, students learn how education, training, and skills can increase the value of their human capital.	Activities 26 and 27
14. Orange Juice Jubilee	division of labor, decision making, productive resources, human capital, interdependence, market economy, supply and demand, price, collateral, interest, entrepreneurship	In the first part of an entrepreneurship simulation activity, students form a company, hire workers, and make pre-production, marketing, and distribution decisions.	Activities 27, 28, 29, 30, 31, 32, and 33, white composition paper
15. An Entrepreneurial Experience Extraordinaire	division of labor, decision making, profit, incentives, entrepreneurship	In the second part of an entrepreneurship simulation activity, students carry out production, marketing, and distribution decisions. Students analyze the profit or loss resulting from their decisions.	Activities 34 and 37, oaktag, blenders, pitchers, white tablecloth, paper cups, cash box, recipe ingredients

LESSON 1

Everybody Wants Everything

1. FOCUS

Student Objectives

- Define wants.
- Define resources.
- Explain why people can't have everything they want.

Background

Scarcity is the basic economic problem. Because human wants are unlimited and resources are limited, people cannot have all of the goods and services they want. Scarcity requires people to make choices about which wants they satisfy.

Economic wants can be satisfied by consuming a good or a service. Producers provide the goods and services that consumers want, using up resources in the process. These resources are natural, human, or human-made.

Concepts

Scarcity, wants, resources, goods, services

Preview

- *Wants are things you would like to have.*
- *You can't have everything you want because resources are limited.*

2. PREPARE

Magazines

Scissors for each student

Construction paper (one large
sheet per student)

Glue

-
1. Collect old magazines.

3. TEACH

Introduction

Explain that all of us have many **wants**. Wants are things we would like to have. We want things for ourselves, for our families, for our school, for our town, for our state, for our country, and for our world. While many of our wants are the same as other people's, we also have some wants that are different. Wants are unlimited.

Economic wants are desires that can be satisfied by consuming a good or service. There are usually a number of different goods or services that can satisfy a given want.

Activities

If students have difficulty distinguishing between wants and goods and services that satisfy them, offer several examples drawn from students' own experiences.

1. Give students five minutes to make a list of things they want. Encourage them to think of as many different things as they can.
2. Have students share their "wants" with the class. Discuss how some wants are for themselves (toys, sandwich, good grades) and some are for a group (a family trip, a class mascot).
3. Give students five minutes to add more wants to their list. Explain that people have more wants than they can satisfy.
4. Define **resources** as things used by producers to make goods and services that satisfy our wants. Explain that **scarcity** exists because there are not enough resources to make all the goods and services people want. Define **goods** as tangible objects that satisfy people's wants. Define **services** as intangible activities that people do for others to satisfy their wants.
5. Have students name goods or services that could satisfy some of their wants. (**Want**: a new toy; **Good**: a ball. **Want**: shorter hair; **Service**: a haircut.)
6. **Cooperative Learning.** Have students use magazines to find pictures of goods and services that satisfy people's wants. Have each group make two collages on construction paper, one showing goods and the other showing services.
7. **Closure.** Discuss the idea that both individuals and groups have wants. **Critical Thinking.** Brainstorm a list of wants that people have for your school. (New playground equipment, a new roof, smaller classes.) Have students explain why people can't have everything they want for the school. (Not enough resources to satisfy many wants.) Tell students that when our wants are greater than the resources available to satisfy them, we have scarcity.

4. CONNECT

Family Corner. Invite several grandparents and parents to the class to discuss the choices they made as children about how to satisfy their wants for goods and services. Have students compare the choices of the three generations (grandparents, parents, and students).

Children's Literature:

- Mayer, Mercer. *Just Shopping With Mom*. Racine, WI: Western Publishing Company, 1989. The wants of a child at a grocery store differ from those of the mother.
- Silverstein, Shel. *A Light in the Attic*. New York: HarperCollins, 1981. Mr. Smeds and Mr. Spat find that one man's scarcity is another's solution.
- Silverstein, Shel. *Where the Sidewalk Ends*. New York: Harper & Row, 1974. Lester learns that sometimes when you get what you want, it doesn't necessarily give you satisfaction.

LESSON 2

Service with a Smile

1. FOCUS

Student Objectives

- Differentiate between a good and a service.
- Define the different types of resources: natural, human, and capital.

Background

People satisfy relatively unlimited wants by consuming goods and services produced with limited resources. A good is something tangible, such as a book or an apple. A service is something that one person does for someone else. Productive resources are used to produce a good or service. These resources are either natural (land), human (labor), or capital. Natural resources are "gifts of nature." Human resources refer to the human effort used in producing a good or service. Capital resources are human-made goods used to produce other goods and services.

Concepts

Goods, services, productive resources, natural resources, human resources, capital resources

Preview

- *A good is something you can hold or touch.*
- *A service is something one person does for another.*
- *Natural resources, human resources, and capital resources are used to produce goods and services.*

2. PREPARE

Activity 1: Service Chart

Activity 2: Service Coupons

Activity 3: Family Services

Activity 4: School Resource Hunt

One sheet of construction paper for each student

Hole punch

Yarn, string, or paper fasteners

Copies of coupon book instruction page (one per student)

Felt markers, crayons, or colored pencils

Optional: Photograph of each student for coupon book cover. (Silhouettes, handprints, or creative design can be substituted.)

1. Duplicate copies of Activities 1, 2, 3, and 4 for each student.
2. **Optional:** Take pictures of students for cover.

3. TEACH

Introduction

Families provide many services for students, such as cooking meals, washing clothes, and helping with homework.

1. Tell students that they are going to make a gift certificate book called a "Service Coupon Book." As a gift to their families, they will do chores. (This could be for a holiday or a thank-you present.) Explain that what they will do are services. **Services** are activities people do for others to satisfy their wants. (Examples: sweeping the floor, collecting homework papers.) Have students:
 - Name services they already do at home.
 - Distinguish between a **good** and a service.
2. Explain to students that services are made by using **productive resources**, such as natural resources (land), human resources (labor), and capital resources (human-made). **Natural resources** (land) include things like land, water, trees, and minerals. **Human resources** refers to the human effort used to make goods and services. **Capital resources** are human-made resources (such as machines and tools) used to help produce a good or service. Ask students:
 - What resources are used to sweep the floor?
 - What resources are used to complete math homework?

Activities

1. Hand out copies of Activity 1. Explain the headings and go over the example shown.
2. Discuss other services students can provide for their families.
3. Have students complete Activity 1, listing four other services they can perform for their families. Students should list the natural, human, and capital resources required and review the chart.
4. Hand out copies of Activity 2. Have students cut coupons and fill in the blanks.
5. Give each student a piece of construction paper cut the same size as the coupons. Allow time to decorate cover with student photograph, silhouette, handprint, or personalized design.
6. Show students how to assemble the books using yarn or fasteners and give them time to do so. Have students include an instruction sheet in each book. (See the sample instruction sheet provided.)
7. **Closure.** After students have provided services to their families for several days, hand out copies of Activity 3. Have students write paragraphs describing their experiences.

4. CONNECT

Family Corner. Ask families to send photographs of students performing services. Display photographs with copies of coupons.

Community Connection. Review how productive resources (natural resources, human resources, and capital resources) are used to produce goods and services. Explain that schools produce a service called "education." Hand out Activity 4. Read the directions and take students on a 15-minute tour of the school during which students will complete the activity sheet. After completing the school tour, discuss school resources.

Children's Literature:

- Lobel, Arnold and Anita. *On Market Street*. New York: Mulberry Books, 1981. A beautifully illustrated picture book that alphabetically lists all the goods one finds on Market Street.
- Peoples, H.I. *Where Does This Come From? Baseball Bat; Where Does This Come From? Crayon; Where Does This Come From? T-Shirt; Where Does This Come From? Ice Cream; Where Does This Come From? Penny; Where Does This Come From? Bubble Gum*. Chicago: Contemporary Books, Inc., 1988. An easy reading series that describes the productive resources needed to produce several products.

Sample Book Cover

Service Coupon Book



Sample Instruction Page

This service coupon book is for

We learned that services are things we do for other people to help satisfy their wants. We use natural, human, and capital resources to perform services.

You may redeem these coupons for the services you wish.

Please remember that all services are provided with a smile.

(student's name)

Service Chart

	Servito	Provides for Welfare? (Human Resources)	Using What? (Capital Resources)	Using What? (Natural Resources)
Example	Water home plants	Student	Watering pitcher	Water
1.				
2.				
3.				
4.				

From *Master Curriculum Guide Planning Manual*, 3-4
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1

Service Coupons

Service Coupon This coupon is redeemable for this service: _____ I will use these resources to perform my service: _____ Love, _____	Service Coupon This coupon is redeemable for this service: _____ I will use these resources to perform my service: _____ Love, _____
Service Coupon This coupon is redeemable for this service: _____ I will use these resources to perform my service: _____ Love, _____	Service Coupon This coupon is redeemable for this service: _____ I will use these resources to perform my service: _____ Love, _____

From *Waters: Curriculum Guide: Teaching Strategies*, B. C.
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Family Services

Write a paragraph describing your experiences providing services for your family.

High School Curriculum Guide, Planning Strategies, 54
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2

School Resource Hunt

Directions: As you walk around your school, list examples of productive resources used to produce education. Place an "X" in the correct column on the right side to show the type of resource for each example.			
Productive Resources at School	Natural Resource	Human Resource	Capital Resource
1. Principal		X	
2. Chalkboard			X
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

From *Minister: Curriculum Guide: Teaching Strategies*, 3:1
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LESSON 3

Wooden Opportunities

1. FOCUS

Student Objectives

- Explain opportunity cost.
- Explain how people use resources to produce goods and services.

Background

Opportunity cost is the highest valued alternative given up when another option is chosen. Because people can't have everything they want, there is always an opportunity cost when they choose to buy a good or service. The same is true for productive resources. When people choose to use a resource to produce a good or service, the opportunity cost is not being able to use the resource to produce the next most valued good or service.

Concepts

Resources, alternative, opportunity cost

Preview

- *When you make an economic choice, you get something you want.*
- *The highest valued alternative you give up to get it is its opportunity cost.*

2. PREPARE

Activity 5: Tropical Rain Forest

Atlas

Activity 6: Opportunity Cost Chart

Large map of the world

Encyclopedias

-
1. Duplicate copies of Activities 5 and 6 for each student.

3. TEACH

Introduction

Have students read Activity 5.

Using a large class map, help students locate the major rain forests of the world. (Along the Amazon River basin in South America, the Congo River basin

in Africa, and Southeast Asia.) Explain that trees are an important **resource** in these regions. Trees provide raw material for industries such as lumber mills, rubber companies, and farming.

Activities

1. Ask students what kind of resources are the trees in rain forests. (Natural resources) Are they limited? (Yes) What are different ways the trees can be used? (Home for plants and wildlife, pastures for cattle, lumber, paper, other wood products)
2. Ask students to think of other natural resources that are limited. List the responses in a column on a chalkboard. Have students suggest what goods might be produced with these resources and list the goods in a second column.
3. Select one of the natural resources from the first column. Ask several students to come to the chalkboard and have each circle a good that can be produced with the resource. Explain that each of these goods is an **alternative** way to use the resource. People choose from these alternatives when they decide how to use the resource.
4. Define **opportunity cost** as the next best alternative one gives up when one makes a choice. Give examples from student experiences. (For example: You use your allowance to buy a book. If renting a video game is your next favorite alternative, the video game is your opportunity cost.)
5. Have students suggest the opportunity cost if \$100 million is spent to help save the rain forests. (This money could provide other goods and services to help solve another global problem.)
6. Think about forests closer to home (in the community, state, or region). Ask students to name two kinds of trees common in an American forest. (Examples include oak, pine, and spruce.)
7. Have students complete Activity 6 as follows:
 - Write the names of two kinds of trees.
 - Use the encyclopedia to find two uses for each kind of tree.
 - Decide which of these two uses you would choose.
 - Report which use would be your opportunity cost.
8. Discuss student answers. Point out that individuals make different choices and have different opportunity costs.
9. **Closure.** Tell students that during recess they can play ball, swing on swings, or sit under a tree and read a book. Have each student write down his or her choice and its opportunity cost. Discuss the answers with students (opportunity cost is the highest valued alternative given up). For example, the opportunity cost of playing ball would be sitting under a tree and reading a book, if that is the student's next most valued activity.

Critical Thinking. Review the definition of opportunity cost. Ask how this applies to the saying: "There's no such thing as a free lunch."

The opportunity cost of watching television at night could be not completing a homework project.

This phrase means that every choice we make involves an opportunity cost. Each time we choose, we also refuse

4. CONNECT

Language Arts. Ask students to write a paragraph about a personal choice that involved several alternatives. Students should include the opportunity cost of their decision.

Community Connection. Invite someone who works in an industry that uses natural resources to visit the class. Have the guest speak about the choices his or

her company makes regarding natural resources. Have the class point out possible opportunity costs of these decisions.

Children's Literature:

- Brittain, Bill. *All the Money in the World*. New York: Harper Trophy, 1979. Quentin Stowe suddenly has his wish for wealth granted, but he isn't ready for all the trouble that comes along with it.
- Buller, Jon and Schade, Susan. *No Tooth, No Quarter*. New York: Random House, 1989. A tooth fairy and a young boy face a dilemma when the boy can't find his lost tooth.
- Henry, O. *The Gift of the Magi*. Boston: Picture Books Studio, 1982. A couple is faced with the problem of finding the perfect Christmas gift for each other.

ACTIVITY 5

Tropical Rain Forests

Tropical rain forests grow where the climate is warm and humid all of the time. They are found in parts of South America, Africa, and Southeast Asia. As many as one hundred different types of trees can grow in on an acre of these forests. Most of these trees are broadleaf evergreens.

Many animals live in the rain forest, including bats, birds, insects, lizards, mice, monkeys, and snakes. Although rain forests cover only a small part of the earth, they are home to more than half of the world's plant and animal species.

Rain forests have many other uses. Some people think the rain forest land is most valuable when used to help produce goods people want. For example, ranchers clear the forests and make pastures for raising cattle, which is sold as beef to the United States and other countries. The wood cut from trees can be sold for lumber, paper, and other wood products. Latex, used in making rubber and turpentine, comes from trees, too.

Other people think that rain forests are most valuable when few or no trees are cut. Rain forests are important to the world's weather. The trees add oxygen to the air we breathe. A large reduction in the number of trees could mean less oxygen. Without rain forests the air would get hotter and hotter which could make many plants and animals extinct.

Even humans could be in danger if we destroy the rain forests.

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NAME _____

ACTIVITY 6

Opportunity Cost Chart

My Opportunity Cost Is		
I Would Use This Tree for		
Used for		
Tree		

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LESSON 4

Olympic-Minded Decisions

1. FOCUS

Student Objectives

- List alternatives and criteria using a decision grid.
- Evaluate alternatives and make a decision using a decision grid.

Background

The basic economic question is how do people use their scarce resources to satisfy their unlimited wants wisely. They must make choices.

The **PACE** decision model teaches people how to make more informed choices by using a **decision-making** grid. First they define the problem (**P**). Then they list their alternatives (**A**). Next they select the criteria (**C**) that will help them make an informed decision. (What is really important to them?) Finally, they evaluate (**E**) each alternative against each criterion. When this is completed, they can use a grid to help them make an informed decision.

Students list alternatives and criteria on a grid similar to the one shown below. They use a (+) when an alternative meets the criterion and a (-) when the alternative does not meet the criterion.

Criteria Alternative	Criterion 1	Criterion 2	Criterion 3
Alternative 1			
Alternative 2			

Concepts

Decision making, opportunity cost, alternatives, criteria

Preview

- *Since you can't have everything you want, you have to decide what things you want most and what things you will give up.*

2. PREPARE

Activity 7: Country Fact Cards

Activity 8: Decision Grid

1. Duplicate copies of Activities 7 and 8 for each student.

3. TEACH

Introduction

The PACE model and decision grid can be used for individual and group problem-solving situations.

1. Present the **PACE** model to students.
2. Use this problem to introduce the model and decision grid: Our school team has blue shorts. We also want to have T-shirts, but we cannot decide between red and white. Use the **PACE** model to decide by answering the following questions:
 - What is our problem? (Which color T-shirt for our team?)
 - What are our **alternatives**? (Red shirts or white shirts.)
 - What are our **criteria**? (Which looks better on TV? Which stays cleaner? Which goes better with our team's blue shorts?)
3. Make a decision grid on the chalkboard. (See sample grid below.) Tell students to use a (+) when an alternative meets the criterion and a (-) when the alternative does not meet the criterion.

Criteria \ Alternative	Criteria		
	Looks Good On TV	Stays Clean	Goes Well With Blue Shorts
Red Shirt			
White Shirt			

4. Explain that the next step is to evaluate the alternatives and make a decision based on the completed grid.
5. Ask students to identify the **opportunity cost** of their decision.

Activities

Some countries may decide not to participate in the Olympics because the opportunity cost is too high.

1. Divide the class into four groups representing imaginary countries. Distribute copies of Activity 7. **Optional:** Let groups make up names for their countries.
2. Tell students that their job is to decide if their country will participate in the next summer and winter Olympic Games. They will have to decide whether their country will participate in both games, neither of the games, or only one of the Olympic games.
3. Distribute copies of Activity 8. Write the problem on the board. (Nations must decide which Olympic Games, if any, to participate in.)
4. Ask students to identify the alternatives and write them on their grids. (Participate in the summer games, winter games, both games, or neither game.)
5. **Critical Thinking.** Have the class brainstorm possible criteria. Then have countries select the criteria they want to use. (Possible criteria: Do we have enough money to participate? Is our climate appropriate for training for the events? Are our citizens interested in the Olympics? Do we have the proper training facilities for the sports featured during the season?)
6. Have each group evaluate its alternatives and reach a decision.
7. **Closure.** Have each country announce its criteria and final decision. Give

those students who didn't agree with the group decision an opportunity to discuss their reasons. Help students to see that people value criteria differently because of the different values they attach to the alternatives. As a result, they make different decisions.

4. CONNECT

Bulletin Board. Display four advertisements of popular movies. Have students make personal decision grids to help them decide which movie is best for them. Put criteria on strips of oak tag. Tally decisions and display the answers on the bulletin board.

Cooperative Learning. Mount a world map on the bulletin board and locate sites of past Olympic Games. Have groups use the **PACE** model and decide on a site for winter or summer games in the 21st century.

Community Connection. Invite a sports trainer or sports medicine doctor to the class to discuss good health and fitness in a sports training program. Discuss the opportunity costs of the recommendations.

Children's Literature:

- Hoban, Russell. *A Birthday for Frances*. New York: Harper Trophy, 1968. Frances must decide whether or not to give her sister a birthday present.
- Silverstein, Shel. *Where the Sidewalk Ends*. New York: Harper & Row, 1974. "Smart" is a poem which describes decisions one boy makes about money.
- Williams, Vera B. *Something Special for Me*. New York: Mulberry Books, 1983. The money jar that Rosa, Momma, and Grandma filled with coins will be emptied to buy Rosa whatever she wants for her birthday.

ACTIVITY 7

Country Fact Cards

Country A Wealthy Varied climate and geography Citizens very interested in health and physical fitness Excellent training facilities	Country B Wealthy Varied climate and geography Citizens very interested in health and physical fitness Excellent training facilities
Country C Wealthy Tropical climate, low hills, flat lands Citizens not very interested in physical fitness Average university sports facilities	Country D Poor Temperate climate, some mountains Citizens very interested in health and physical fitness No training facilities

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NAME _____

ACTIVITY 8

Decision Grid

CRITERIA			
ALTERNATIVES			

PACE Decision-Making Model Steps

1. What is the problem?
2. What are the alternatives?
3. Select criteria (What is really important to you?)
4. Evaluate the alternatives against the criteria.
5. Make a decision.

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LESSON 5

Getting More Out of Less

1. FOCUS

Student Objectives

- Define productivity.
- Describe how division of labor can improve productivity.

Background

Many decisions must be made to produce a good or service. For example, producers must make decisions about what to produce, what kind of building and tools are needed, what workers are needed, what materials are needed, what the costs of acquiring these resources will be, and what price to charge for the finished product. Productivity directly affects the costs of production and is therefore a key factor in production decisions. Because producers want to maximize profits, they try to find the most productive and least costly combination of resources needed to produce goods and services.

Productivity is the amount of output per unit of input, usually per worker. Increasing productivity can mean producing more (output) with the same amount of resources (inputs). It can also mean producing the same or more with fewer inputs or resources. In both cases it means using resources more efficiently.

Specialization occurs when people produce a narrower range of goods and services than they consume. Most people work in jobs in which they produce a few special goods or services. Specialization can be practiced by individuals, business firms, cities, regions, or countries. Applied to workers, specialization usually refers to a person's occupation and the special training it requires. When workers specialize, more goods and services can be produced with the same amount of labor.

Specialization and division of labor are techniques for increasing productivity. Division of labor, closely related to specialization, refers to the situation in which workers perform only a single or a very few steps of a major production task, as when working on an assembly line. This also results in greater productivity.

Concepts

Productivity, specialization, division of labor

Preview

- *When workers specialize and engage in division of labor, more goods and services can be produced using the same amount of labor.*

2. PREPARE

Materials needed for 25 bookmarks:	Seven sheets of white construction paper (8 1/2" x 11")
Five pencils	
Five pairs of scissors	Five sheets of blue construction paper (8 1/2" x 11")
Five bottles of white glue	Activity 9: Bookmark Pattern
Ten sheets of oak tag (8 1/2" x 11")	Activity 37: Economics Puzzle #1
Eleven sheets of red construction paper (8 1/2" x 11")	

1. Set up table where there is sufficient space to work and where it is easily seen by the entire class. Avoid overcrowding.
 2. Trace bookmark patterns from Activity 9 on oak tag and cut out two of each shape shown.
 3. Make a sample bookmark using directions at the end of this lesson.
 4. Duplicate two copies of Activity 9.
 5. Duplicate copies of Activity 37 for each student.
-

3. TEACH

Introduction

Tell students that they are about to participate in an activity that involves specialization and division of labor. Most people practice **specialization** by working in jobs in which they produce only a few specific goods or services. Workers can be involved in **division of labor** by performing only a single or a very few steps of a major production task, as when working on an assembly line. Specialization and division of labor can be used to increase productivity. The purpose of the lesson is to increase productivity.

Hold up a sample bookmark. Demonstrate how to assemble it:

- Trace background pattern on oak tag (2 1/4" x 7 1/4")
- Trace star on white paper
- Trace square on blue paper (2 1/4" x 2 1/4")
- Trace three stripes on red paper (1/4" x 5")
- Trace two stripes on white paper (1/4" x 5")
- Cut out star, square, and stripes
- Glue square, stripes, and star onto oak tag and let dry

To be sure your students understand the process, write the steps on the chalkboard and have them list the steps. Select six students to participate in the activity. You will need one student for the first activity (#1 below) and five students for the assembly line activity (#3 below).

Activities

1. Choose one student to make bookmarks. Review the steps on the chalkboard if necessary. Provide student with materials and a copy of Activity 9. Have student produce three bookmarks by tracing, cutting, and gluing. Time how long it takes to make three bookmarks. Write the time on the chalkboard.
2. Ask students if they can suggest a better way to produce the bookmarks. (Working together.) Define division of labor. (**Division of labor** refers to the process in which workers perform a single task or a few steps of a major

production task, as when they work on an assembly line.)

3. Organize a five-person assembly line based on division of labor. Workers needed for the assembly line:

1 tracer

1 cutter

1 gluer

1 student in charge of drying the bookmarks

1 maintenance worker, to keep area clean

The assembly line should be set up as follows (left to right):

Tracer - Cutter - Gluer - Dryer

4. Tell students that in an assembly line, each worker has a different job. If necessary, have assembly line workers explain what they will do before they proceed.
5. Remind the class how long it took the first student to make three bookmarks. Ask students to predict how many bookmarks a team of five workers will make in the same time. Have assembly line produce bookmarks in the same amount of time it took one student to make three bookmarks.
6. Determine how many bookmarks were made by the five-worker assembly line in the amount of time it took one worker to complete three entire bookmarks. Record this information on the chalkboard. Have students discuss the results. Were they surprised?
7. After workers on the assembly line have learned their jobs, repeat steps 5 and 6. Did the assembly line workers produce more than the expected number of bookmarks?
8. Ask students:
 - What resources were used in the assembly line? (natural, human, and capital resources) These resources are called inputs.
 - Name the products produced in the assembly line. (bookmarks) These products are called outputs.
 - Help students develop a definition for the **productivity** based on the inputs and outputs from this activity. (Productivity is the amount of output per unit of input.)
9. **Closure.** Ask students:

- Does division of labor increase productivity? (Yes. Compare the times of the individual with the assembly line.)
- Why does division of labor lead to an increase in productivity? (When each worker has only one job to do, he or she can usually do it faster and better. People can increase their productivity by learning new skills or by practicing.)
- Did you notice any disadvantages of the assembly line? (Usually, students find that they are dependent upon their fellow workers [interdependence], that some jobs are harder to do than others or take longer, and that doing the same job over and over can become boring.) Did you notice any advantages? (A larger output was produced.)
- What effect might worker boredom have upon the quality of the product? (When workers do repetitive tasks, they may become bored and may not concentrate well on what they are doing, thereby producing sloppy work.)
- What effect could boredom have upon workers? (They might lose interest, become careless, and even injure themselves.)

Students will probably predict that the assembly line will produce more bookmarks because five workers can produce more than one worker. It is reasonable to expect that five workers can produce five times as many bookmarks as one worker.

If the assembly line is working properly, the group should produce more than five times the number of bookmarks produced by the single worker.

The assembly line may not produce bookmarks as expected at first, since the workers may get in each other's way and be inefficient until they have practiced or learned how to work together several times.

Inputs in the assembly line include workers doing different jobs (human resources), pencils and scissors (capital resources), and the land the school is located on (natural resources).

- What could factory managers or owners do to assure that their workers do high-quality work? (Managers provide breaks and vacations and sometimes even exercise rooms to help workers stay alert. Sometimes they assign workers to different jobs, and some managers offer bonuses to reward excellent workers.)
- What did you learn about productivity from participating in this activity? (Division of labor increases productivity.)
- **Critical Thinking.** Have students suggest ways to market the book-marks.

4. CONNECT

Community Connection. Schedule a visit to a local plant that has an assembly line. Have the owner or manager discuss ways that the company has tried to increase productivity.

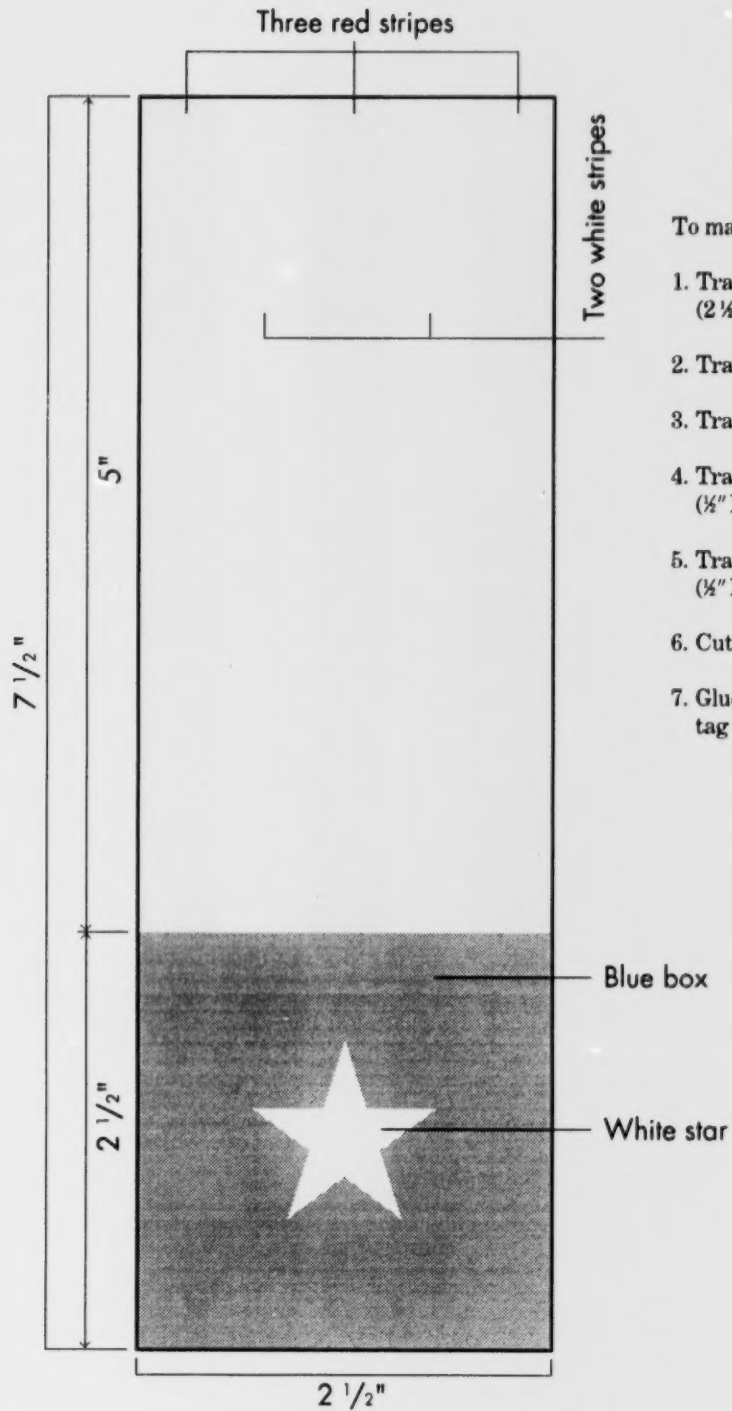
Family Corner. Invite a member of a student's family who is an assembly line worker to talk about his or her job. Have students ask prepared questions about the advantages and disadvantages of this type of work.

Vocabulary. Have students complete Activity 37, a crossword puzzle, using the following economic concepts used in lessons 1-5: alternatives, capital, criteria, division, interdependence, natural, opportunity, production, resources, scarcity, services, specialization, and wants.

Children's Literature:

- Arnow, Jan. *Louisville Slugger: The Making of Baseball Bats*. New York: Pantheon Books, 1984. The book traces the production of a baseball bat from the forest to the field.
- Barbour, Karen. *Little Nino's Pizzeria*. New York: Harcourt Brace, 1990. A beautiful picture book that stresses the concepts of production in the restaurant business.
- Dahl, Roald. *Charlie and the Chocolate Factory*. New York: Puffin Books, 1964. The gates of Mr. Willy Wonka's famous factory are opening at last but only five children will be allowed in for a tour.
- McCloskey, Robert. *Homer Price*. New York: Puffin Books, 1976. A boy uses his own initiative to produce doughnuts in an amusing way in the third story of this book.
- Robertson, Keith. *Henry Reed, Inc.* New York: Puffin Books, 1986. While spending the summer with his relatives, Henry comes up with a surefire money-making project.
- Robertson, Keith. *Henry Reed's Journey*. New York: Puffin Books, 1986. Hilarious adventures of a boy who can start a gold rush or stop traffic in Disneyland.

Bookmark Pattern

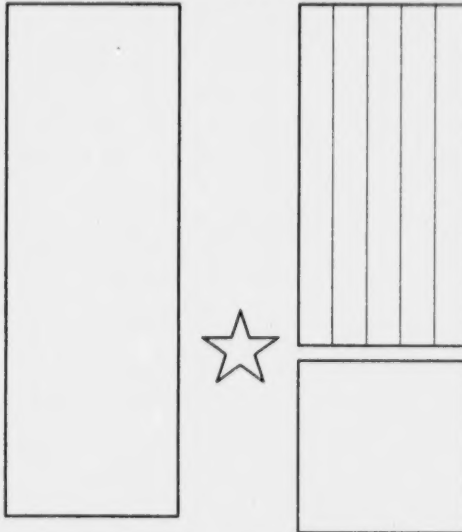


To make a bookmark:

1. Trace background on oak tag ($2\frac{1}{4}" \times 7\frac{1}{4}"$)
2. Trace star on white paper
3. Trace square on blue paper
4. Trace three stripes on red paper ($\frac{1}{2}" \times 5"$)
5. Trace two stripes on white paper ($\frac{1}{2}" \times 5"$)
6. Cut out star, square, and stripes
7. Glue square, stripes, and star onto oak tag and let dry

ACTIVITY 9

Bookmark Pattern

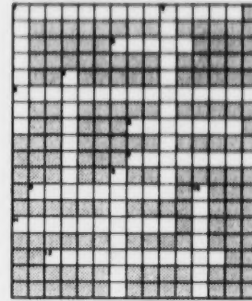


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ACTIVITY 37

Economics Puzzle #1



Across

1. When people produce a smaller number of goods and services than they consume.
3. Human _____ are unlimited.
5. When people are dependent upon one another.
6. _____ resources are called "gifts of nature."
7. _____ of labor is when workers on an assembly line perform only a single or a very few steps in the production process.
9. Our _____ are limited.
11. The creation of goods and services.

12. _____ cost is your next best choice.

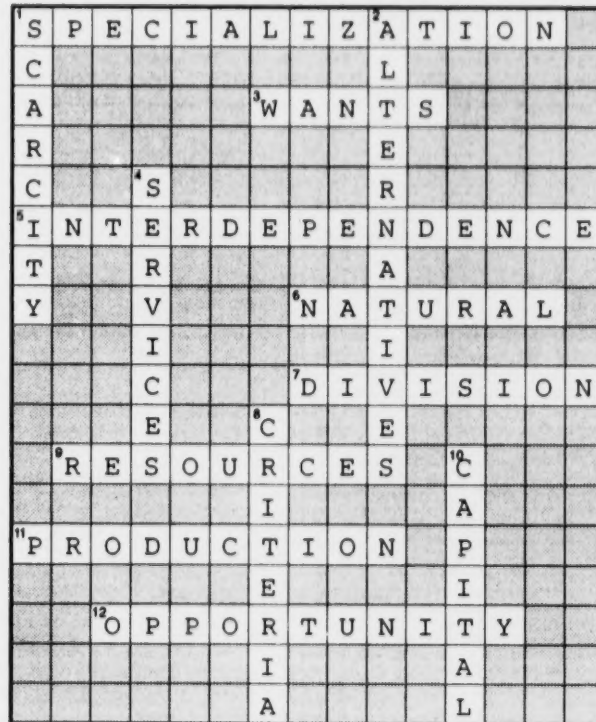
Down

1. This is the basic economic problem.
2. Another word for choices when you face a decision.
4. Something that people do for others.
8. In decision making, your _____ are the things that are important to you.
10. _____ resources are human-made.

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Answers to Activity 37



LESSON 6

Circles within Circles

1. FOCUS

Student Objectives

- Define market and market economy.
- Explain the circular flow of goods, services, resources, and money in a market economy.
- Explain the role of households and businesses in the circular flow.
- Define income, revenue, and profit.

Background

A market is a setting in which people buy and sell goods and services and resources. A market economy is an economic system in which most goods, services, and resources are exchanged by private households and businesses. Prices are determined by buyers and sellers making exchanges in private markets. Americans live in a market-oriented economy.

Households are private individuals and family units who sell or rent their productive resources to businesses and receive income in return. Households, as consumers, buy goods and services from businesses. Businesses are private organizations which, as producers, buy productive resources from households to produce goods and services which they sell to households with the goal of earning a profit. The payments businesses make to buy resources are the costs of production. The difference between the revenue businesses receive from selling goods and services and the costs of production is called profit.

The circular flow model at the end of this lesson shows the interaction between households and business firms in the product market (top of diagram) and resource market (bottom of diagram). The model represents the relationship between households and businesses as they exchange goods and services in the product market and as they exchange resources in the resource market. Both businesses and households play dual roles. Sometimes they are buyers, and sometimes they are sellers, depending on the market in which they are exchanging.

Concepts

Goods, services, resources, market, income, revenue, consumers, producers, profit

Preview

- *In the United States, goods and services and resources are exchanged between buyers and sellers in private markets.*

2. PREPARE

Activity 10: Circles within
Circles Skit

Activity 11: Circular Flow Model
Colored oak tag

Costume cards with enough yarn
attached to hang comfortably
from students' necks:

Two narrator cards (white)

Two or more household cards
(yellow)

Two or more business cards
(brown)

Two or more productive resources
cards (blue)

Two or more goods and services
cards (orange)

Four or more money cards (green)

Ball of yarn

Note: These numbers represent
roles for 14 students to partici-
pate in the skit.

-
1. Prepare an open area in the front of the classroom or stage area to perform the skit.
 2. Duplicate copies of Activities 10 and 11 for each student.
 3. Assign roles in the skit.
 4. Prepare costume cards listed above by attaching lengths of yarn to the colored cards you have labeled.
-

3. TEACH

Introduction

Ask students for examples of
markets in which they buy
or sell something.

Tell students that our economy is called a market system. A market is a setting in which people can buy or sell goods and services or resources. People who make or sell goods or services are called producers. People whose wants are satisfied by buying goods and services are called consumers. The payment people receive for selling or renting their productive resources is called income. In the United States, most goods and services are exchanged in private markets. (The government is not directly involved in exchanges.) Think about going to a grocery store to see how a market system operates.

Ask students:

- What are some goods people want to buy at the grocery store? (Fruit juice, bread, meat, paper towels, lettuce.)
- How do people get the money to buy these goods? (Allowance, gift, salary from a job.)
- What does the owner of the grocery store want to sell? (Fruit juice, bread, meat, paper towels, lettuce.)

Tell students that the owner of the grocery store gets the money to buy the goods displayed on the shelves by selling other goods. (Economists call this money **revenue**.) Explain to students that a business makes a **profit** when the revenue it receives is greater than the costs of producing and selling goods.

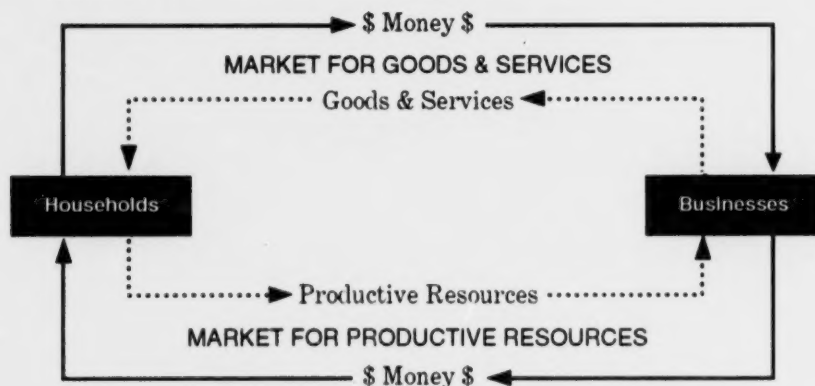
Tell students that people in households receive **income** for their labor.

Activities

1. Explain to students that they are going to make a model of our market econo-

my. (The skit will be performed twice, with half the class performing each time, while the other half watches.) Assign students roles to play and distribute costume cards. (Roles: narrators, households, businesses, productive resources, goods and services, and money.) Hand out copies of Activity 10.

2. Tell the narrators to come forward and stand as if they are conducting an orchestra. Have students perform the skit and then return to their seats.
3. Use the costume cards to construct a model of the circular flow on the bulletin board. It should look like the diagram shown.



4. **Closure.** Hand out copies of Activity 11 and review it. Referring to Activity 11 or to the bulletin board circular flow model, ask students:

- What do households buy and what do they use to pay for these things? (Households buy goods and services with money.)
- Where do households usually get the money they use to buy things? (Households get money from the income they earn.)
- What do households sell and what do they get when they sell these things? (Households sell their resources to obtain incomes.)
- What do businesses buy and what do they use to pay for these things? (Businesses buy resources with money.)
- Where do businesses get the money they use to buy resources? (Businesses get money from their revenue or by borrowing money.)
- What do businesses sell and what do they get when they sell these things? (Businesses sell their goods and services to obtain revenue and to make a profit.)

Households and businesses play dual roles. Sometimes they are buyers and sometimes they are sellers.

5. Have second half of class perform the skit.

6. **Critical Thinking.** Once students understand how all parts of the model work together, have them analyze a situation in which something happens to disrupt the model. (For example, a business leaves to manufacture goods in Taiwan, or forest fires destroy one-third of a country's wood resources.)

4. CONNECT

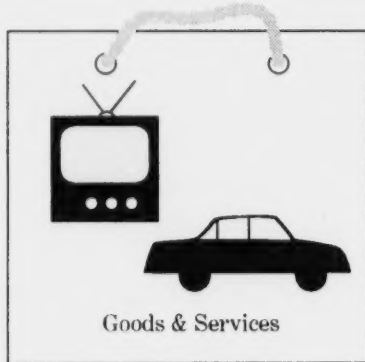
Bulletin Board. Have students cut out pictures of households, businesses, goods and services, and resources to enhance the bulletin board circular flow model.

Family Corner. Survey the class to find out what goods and services a typical family in their community might buy.

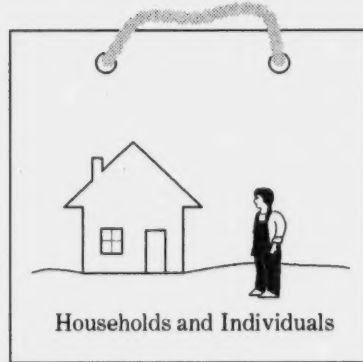
Children's Literature:

- Cosgrove, Stephen. *The Muffin Muncher*. Los Angeles: Price, Stern, Sloan, Inc., 1988. A hardworking, muffin-baking kingdom gets into trouble when a hungry dragon camps at its gate and interrupts the flow of goods and services.

Costume Cards



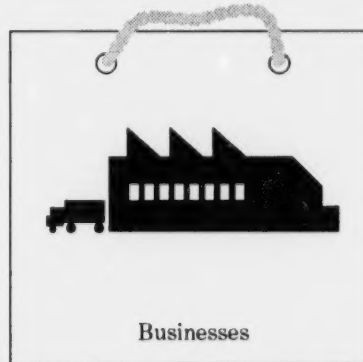
Orange paper/At least two students



Yellow paper/At least two students



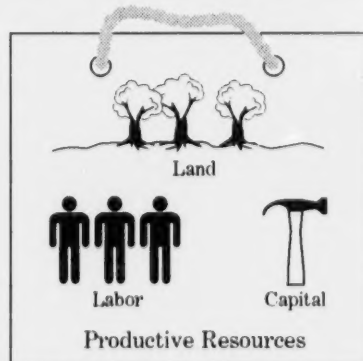
Green paper/At least four students



Brown paper/At least two students



White paper/Two students



Blue paper/At least two students

ACTIVITY 10

Circles within Circles Skit

- Narrator 1:** Welcome to our market economy. What you are about to see may surprise and amaze you. We are going to build a model of our market economy right before your eyes. Ladies and gentlemen, please watch closely because we may test you at the end of our performance.
- Narrator 2:** Let us begin. Households, please assemble to my left. (Wait for movement to stop.) Good day to all the households. Please tell our audience about yourselves.
- Households:** (Read together) Households are made up of individuals and families. We are consumers in a market economy when we buy goods and services. We spend our income on goods and services we want. Income is the money we earn from selling our resources to businesses.
- Narrator 1:** Thank you, households. The next important part of our market economy are businesses. Businesses, please assemble to my right. (Wait for movement to stop.) Welcome to all the businesses. Please tell us about yourselves.
- Businesses:** (Read together) Businesses are the producers who make and sell goods and services. Revenue is the money we earn from selling goods and services in the market. We also buy resources from the households so that we can produce and sell goods and services.
- Narrator 2:** Thank you, businesses. Now the consumers of goods and services (ask households to wave) and the producers of goods and services (ask businesses to wave) meet in the marketplace to buy and sell goods and services. Let me repeat: Consumers of goods and services (wave) and producers (wave) meet in the marketplace to buy and sell goods and services. Money is exchanged in the market when consumers, or households, buy goods and services from producers, or businesses.
- Narrator 1:** Now we will look at goods and services. Goods and services, assemble at the front of the room between the households and the businesses. (Wait for movement to stop.) Hello, goods and services. Please describe yourselves for us.
- Goods & Services:** (Read together) Goods and services are things consumers buy to satisfy their wants. Televisions and automobiles are goods. Services

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ACTIVITY 10 (continued)

Circles within Circles Skit

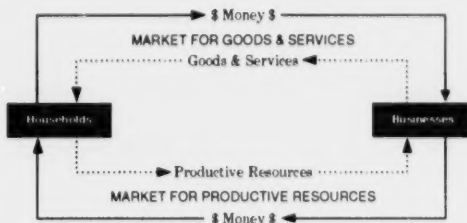
- are activities that one person does for someone else, such as fixing a broken washing machine or cutting a lawn. Businesses (point to businesses) sell goods and services to households (point to households) who want them and are willing to pay for them.
- Narrator 2:** Thank you, Goods and Services. Now we will hear from the Productive Resources. Productive Resources, assemble at the back of the room between the households and the businesses. (Wait for movement to stop.) Would the Productive Resources please describe themselves?
- Productive Resources:** (Read together) Productive resources are natural resources, human resources, and capital resources used in the production of goods and services. Businesses (point to businesses) buy productive resources from households to make goods and services. Households (point to households) sell their productive resources to businesses in order to earn incomes with which to buy goods and services.
- Narrator 1:** Thank you. Money is exchanged as households buy goods and services from businesses. Money is also exchanged as businesses buy productive resources from households. Will two Money cards and two Productive Resources cards stand with the Households? Will two Money cards and two Goods and Services cards stand with the Businesses?
- Narrator 2:** This picture of our market economy is called a "circular flow." This means that it forms a circle. Households sell productive resources to businesses to earn money. (Productive Resources move in a semicircle, going from Households to Businesses, while two Money cards move in a semicircle, going from Businesses to Households.) Notice that Productive Resources and Money are exchanged when households sell their productive resources to businesses.
- Narrator 1:** Households buy goods and services from Businesses in exchange for money. (Goods and Services move in a semicircle, going from Businesses to Households, while two Money cards move in a semicircle, going from Households to Businesses.) Notice that Goods and Services and Money are exchanged when businesses sell their products to consumers. Money is used by both businesses and households to exchange for the resources or goods and services each wants.

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ACTIVITY 11

Circular Flow Model



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LESSON 7

Let's Trade

1. FOCUS

Student Objectives

- Define barter.
- Compare barter and money as ways to exchange goods and services.
- Explain why money is easier to use than barter.

Background

Barter is the direct exchange of goods and services between people, without using money. People voluntarily exchange goods and services because they expect to be better off after the exchange. When people use barter to facilitate exchange, a "double coincidence of wants" must occur, that is, a person who wants to trade a good or service must find a trading partner who wants that good or service and who also has something to trade that the first person desires.

Exchanges made through barter result in problems that are greatly reduced by the use of money. In market economies money has generally replaced barter as a more efficient system for exchange. Money is anything that most people will accept as payment for goods and services.

Colonial American farm families were relatively self-contained units in which most wants were satisfied within the family itself. A farmer with an apple orchard might have had his horses shod by the blacksmith in exchange for several bushels of apples. This would have been an example of direct exchange (or barter) in which both parties achieved satisfaction. Even so, difficulties could arise. Suppose the blacksmith did not like apples and that he wanted a pair of boots instead. In that case, the farmer would have to carry his apples to the bootmaker and hope that he would trade a pair of boots for several bushels of apples. Afterwards, the farmer could go to the blacksmith and have his horses shod in exchange for boots.

Because early settlers were mainly agrarian and thus self-sufficient, tasks were traditionally divided and assigned (specialization). When this specialization began to extend beyond the immediate family, self-sufficiency declined and dependence on other people began to emerge. As society became more interdependent, barter became increasingly more difficult. More and more transactions became necessary in order to obtain the goods and services one desired. A money system was needed to help speed the flow of goods and services.

Concepts

Barter, specialization, interdependence

Preview

- *People trade for goods and services by using barter (trading other goods and services) or by using money.*
- *When two people trade voluntarily, they both expect to gain.*

2. PREPARE

Activity 12: Family Letter
Activity 13: Transaction Sheet

Activity 14: Barter Worksheet

1. One week before lesson, send home family letters (Activity 12) explaining the purpose of this activity and emphasizing the fact that the items brought to school will not be returned.
2. Duplicate copies of Activities 13 and 14 for each student.
3. Arrange the room so that desks are in a circle. The area in the center of the classroom will serve as the trading floor. Set up a table to display student items.

3. TEACH

Introduction

If students don't suggest trading, rephrase the question: "If you don't have money, but you do have goods or could offer services other people would want, how could you get the goods and services you want?"

Students may not have what they wanted because no one else wanted their item, or someone else may have wanted the same item, or confusion and noise on the trading floor may have interfered with their trading.

Money makes trading easier because people don't have to take the time and trouble to barter.

1. Have students discuss the following question: "If you didn't have money, how would you get goods and services you want?" (By trading a good for another good or service I want.)
2. Tell students that the direct trading of goods and services without the use of money is called barter. They are going to participate in an activity that will illustrate barter.

Activities

1. Have students place the items to be bartered on a table.
2. Let students view all items and decide on the items for which they will **barter**.
3. Distribute Activity 13. Have students fill in name of the item they want to get when they trade. Students should have an idea which item they want to get when they trade. Explain that it may take them several transactions to get the item they really desire.
4. Give students two minutes to exchange their items for the ones they want. Have them fill in the information for transaction #1. Have them check the first column if they got what they wanted (first or second choice). Have students check the second column if they traded for any other item. Have students check the third column if they did not trade.
5. Students who got their first or second choice should remain seated. Give the rest of the students two minutes to complete the second transaction.
6. Repeat these directions until three rounds have been completed. Have students who have been successful at any point remain seated.
7. Have students complete the bottom of Activity 13.
Tell students that when two people trade they both expect to gain. Was this true with the trades made here? Poll students.
8. Distribute Activity 14 and have students complete the worksheet. Discuss answers.
10. **Closure.** Tell students that in today's world it would be very hard to barter to satisfy all of their wants. Most people **specialize** in producing a few goods or services. Almost everything they want is provided by other specialists and

sold to them. Think how busy their day would be if they had to barter for all the food they eat, the clothes they wear, or the services they want.

Greater specialization leads to increased interdependence between producers and consumers. **Interdependence** means people need each other to help satisfy their wants. Interdependence is when people's decisions and behavior in producing and consuming goods and services influences other people. Money is a clever and efficient alternative to barter as a way to obtain desired goods and services.

11. **Critical Thinking.** Discuss the problems people might have when trying to purchase a bicycle using the barter system. Have students brainstorm about problems that barter creates. Students should decide if there are situations in which barter would work well and make a list of these.

4. CONNECT

Community Connection. Show videotape *Once Upon a Dime*. (Available from the Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045.)

Research. Study the methods of trading used by Native Americans in bargaining with neighboring tribes.

Language Arts. Suggest that students keep a journal of all trades they make with friends and classmates. Discuss this at the end of the school term.

Language Arts. Have students compose a riddle about their barter item and present it to the class.

Children's Literature:

- Hoban, Russell. *A Birthday for Frances*. New York: Harper Trophy, 1968. A story that illustrates the point that people trade because they think they will improve on what they already have.
- Ziesert, Harriet. *A New Coat for Anna*. New York: Knopf, 1986. During World War II, Anna's mother decides to trade her few valuables for the resources needed to produce a new coat for her daughter.

NAME _____
ACTIVITY 12
Family Letter

Date: _____

Dear Family,

Our class is going to conduct a bartering activity. Each student should bring an item to class that can be traded. These items will not be returned.

Please help your child select something that he or she has at home and is willing to trade. Examples include baseball cards, costume jewelry, a T-shirt, a small toy, or an apple.

Remember, this item will not be returned but will be traded for another student's items. Thank you for your help.

Sincerely,

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ACTIVITY 13
Transaction Sheet

Transaction Sheet			
Name _____			
Item to be traded _____			
Item I want: 1st choice _____			
2nd choice _____			
	Got 1st or 2nd choice item	Got another item	Did not trade
First transaction			
Second transaction			
Third transaction			
After the rounds are completed, check the following: ☐ I bartered and got what I wanted (my first or second choice) the first time. ☐ I bartered and got what I wanted after two or more tries. ☐ I bartered, but I didn't get my first or second choice. ☐ I was not successful and still have the item I brought to school.			

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14

NAME _____
ACTIVITY 14
Barter Worksheet

1. What item did you want? Did you get it?
2. If you did not get what you wanted, why not?
3. What were some of the problems you had during the activity?
4. What would have made your trading easier?
5. Write two sentences to describe what you learned from this activity.

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LESSON 8

Money Is What Money Does

1. FOCUS

Objectives

- Define money and its functions.
- Explain the characteristics of money.

Background

The basic purpose of money is to facilitate the exchange of goods and services. For money to have value, it must be acceptable by a large number of people. Money serves as a medium of exchange; that is, people exchange money for goods and services and resources. Money also functions as a measure of value. People compare the value of goods and services by the prices charged for those items. Since money makes it easy for us to save, it also stores value.

The characteristics of money include portability, durability, divisibility, and general acceptability. Money is durable and does not deteriorate when saved. Although many forms of money, such as shells, wheat, and cattle, have been used throughout history, our current form meets the needs of the highly technological society in which we live. Money consists of currency (coins and paper money) and checks (demand deposits).

In a barter system, people have to trade a wide range of items for other goods and services. Specialization creates the need for a money system. In our society, people usually specialize or produce a narrow range of goods or services. Specialization results in people becoming dependent on each other, or interdependent. Barter is usually unworkable in a complex, interdependent economic system in which people and institutions specialize and rely upon one another for most goods, services, and resources. Money serves as an efficient medium of exchange which permits people to obtain more goods and services than under a barter system.

Concepts

Money, barter, exchange, functions of money, medium of exchange, standard of value, store of value

Preview

- *Money is anything that most people will accept as payment for goods and services.*
- *Money makes it easier to compare the value of different goods and services.*
- *Money allows people to save and buy things at a later time, since money can be traded for goods and services at any time.*
- *Money is easy to use because it is long-lasting, and it is easy to divide, carry, and exchange for goods and services.*

2. PREPARE

Activity 15: Functions of Money
Role-Play Cards

Activity 16: Characteristics of
Money

Cup of sand

For each group: one pencil, one
pack of chewing gum, one ounce
of gold glitter, and one brick (or
other heavy object)

Six 3" x 5" index cards (optional)

1. Arrange a table in front of the room as a "laboratory." Add to the atmosphere by wearing a lab coat or putting up a poster of Albert Einstein.
 2. Duplicate one copy of Activity 15. Mount on index cards if desired.
 3. Duplicate Activity 16 for each student.
-

3. TEACH

Introduction

Coins, paper money, and checks are the basic money supply in the United States and in most economies.

Remind students that **barter** is the direct exchange of goods and services between people without the use of money. **Exchange** means trading goods and services with other people for other goods and services or for money. Money has generally replaced barter as a more efficient way to exchange for goods and services. Ask students "What is **money**?" Explain that different objects have been used as money during earlier times. (Examples are salt, grain, cattle, and shells.)

Activities

1. Tell students that money has different **functions**. List the following functions on the board: **medium of exchange**, **standard of value**, and **store of value**. Distribute role-play cards to six students. Illustrate each function by having students read their role-play cards.
2. Have students make up their own role-play scenarios similar to the ones used here to demonstrate the functions of money. Have them present their scenarios to the class.
3. Tell students that money has different characteristics. List the characteristics on the board, explaining the meaning of terms unfamiliar to students. (Portable, divisible, durable, generally accepted.)
4. Divide the class into small groups. Distribute pencils, chewing gum, gold glitter, and bricks. Distribute copies of Activity 16. Conduct an experiment to see if each item could be used as money. For example, hold up a cup of sand and then pour it onto the table. Ask students:
 - Is sand easy to move from one place to another (portable)? (Yes, but you could lose some during transportation.)
 - Is sand easy to divide (divisible)? (No.)
 - Is sand long-lasting (durable)? (Yes.)
 - Could sand be used to buy an apple? (No.)Have students fill in their charts for sand.
5. Distribute pencils, chewing gum, glitter, and bricks to groups. Direct them to conduct "experiments" on each item to determine if it could function as money. Have students fill in their charts and share group responses with the class.

6. **Closure, Critical Thinking.** Allow students several days to create their own form of money that has all of the required characteristics and functions. (Student money could be manufactured objects or original creations.)

Have students display and describe their money. Ask class to determine whether or not each student's money demonstrates all of the functions and characteristics of money.

4. CONNECT

Creative Thinking. Have students research the forms of money used in earlier times. Then ask them to predict the forms money might take in the year 2050. Tell class that some countries are experimenting with plastic bills. Why do they think plastic is being used? (More durable than paper.) Compare and contrast the historical and future forms of money.

Bulletin Board. Construct a display using student-created money, foreign money, and early American money.

Research. Have students research the historical role of gold and silver as money and how coins were developed.

Children's Literature:

- Godfrey, Neale. *The Kid's Money Book*. New York: Checkerboard Press, 1991. Teaches about the history, uses, and values of money, as well as the responsibilities that come with money.
- Wilkinson, Elizabeth. *Making Cents: Every Kid's Guide to Money*. This book contains interesting facts, great money-making ideas, and lots of hands-on activities to help students develop ideas for making money.

NAME _____

ACTIVITY 15**Functions of Money
Role-Play Cards**

Student 1 "I have a baseball card that I am willing to sell for \$1.00." MEDIUM OF EXCHANGE	Student 2 "I have a dollar, and I want to buy your baseball card." MEDIUM OF EXCHANGE
Student 3 "My newspaper cost \$50." STANDARD OF VALUE	Student 4 "My sneakers cost \$50." STANDARD OF VALUE
Student 5 "This is a quarter. It was a quarter yesterday and it will be a quarter tomorrow." STORE OF VALUE	Student 6 "This is milk. It's not a good thing to use as money, because while it's milk today, it may turn sour in several days and have to be thrown out!" STORE OF VALUE

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NAME _____

ACTIVITY 16**Characteristics of Money**

ITEM	CHARACTERISTICS OF MONEY			
	PORTABLE	DIVISIBLE	DURABLE	GENERALLY ACCEPTED
Sand				
Pencils				
Chewing Gum				
Gold Glitter				
Brick				

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LESSON 9

A Cracker Jack™ Lesson

1. FOCUS

Student Objectives

- Explain price.
- Use the decision-making process and grid to make a consumer choice.

Background

The basic consumer problem is how to achieve maximum satisfaction given limited resources. Consumers see many goods and services they want to buy, but constraints force them to choose. Many factors influence consumer decisions, such as personal preferences, prices, and convenience.

Prices make it easier to compare the values of different goods and services. Prices tell people what they must pay for a good or service. People are motivated to buy more of a good at lower prices and less of a good at higher prices.

The **PACE** decision model can be used to help make wise consumer decisions. (Define the problem, list alternatives, select the criteria, evaluate each alternative against each criterion, and then make an informed decision.)

Concepts

Price, consumer, costs of production, profit

Preview

- *Prices make it easier to compare the values of different goods and services.*
- *People are motivated to buy more of a good at a low price and less of a good at a high price.*

2. PREPARE

Activity 17: Homemade Cracker Jack

Activity 18: Costs of Cracker Jack

Activity 19: Cracker Jack Decisions

Box of Cracker Jack

32 oz. bag of popcorn kernels

24 oz. bag of shelled peanuts

8 oz. jar of honey

1 lb. box of margarine

Popcorn popper

Saucepan

Jelly roll pan

Hot plate or stove and oven

Large bowl

Wooden spoon

Measuring cups

1. Duplicate Activities 17, 18, and 19 for each student.
2. Assemble all ingredients and cooking equipment on a table.
3. Several days before the lesson ask a student volunteer to find out and report back to the class the store price of a 1 1/4 oz. box of Cracker Jack.

3. TEACH

Introduction

Define the concept of price. (The value of a good or service stated in money terms.) Discuss the following questions with students:

- Which product would you predict to have a lower price, a box of Cracker Jack from the store or a box of a homemade version of the snack food with all ingredients purchased separately? (Emphasize that you want to compare equal amounts of the two products.)
- Have students discuss reasons for their answers. Tally how many think each alternative has the lower price.
- Tell students they will find out which of the two has a lower price by making homemade Cracker Jack and comparing the price with the real thing.

Activities

1. Display a box of Cracker Jack and the items needed to produce homemade Cracker Jack. Write the price of each item on the chalkboard.
For example:

8 oz. jar of honey	80	32 oz. bag of popcorn kernels.....	96
1 lb. of margarine	1.60	24 oz. bag of peanuts	3.12
2. **Cooperative Learning.** Distribute Activity 17. Have students work in groups to complete the worksheet.
3. Review the answers to Activity 17. Tell students that the ingredients are the natural resources required to make this good. They account for some but not all of the costs involved in producing the good. Ask what other costs there are. (Cost of human resources to shop and cook, cost of capital resources or equipment.)
4. Prepare the homemade snack in class using the following recipe:

Homemade Cracker Jack

1/2 cup honey	6 cups popped corn
4 tablespoons margarine	(1/4 cup unpopped kernels)
1 cup peanuts	

Heat honey and margarine in saucepan until blended. Cool. Pour over popcorn, which has been mixed with peanuts, stirring as you pour. When well coated, spread on a jelly roll pan in a single layer. Bake at 350° for 5-10 minutes, until crisp, stirring several times. Watch carefully, as it takes only a minute to go from crisp to burned. Cool. Store in airtight container.

5. While snack is baking and cooling, distribute Activity 18. Ask the following questions:
 - What costs are there in producing the homemade snack? (Costs of productive resources, that is, natural resources, human resources, and capital resources.)
 - Have students complete Activity 18. Direct students to fill in the store price of Cracker Jack, based on the volunteer's report.
 - Which of the two mixtures had a lower price? (Probably will be homemade.)

The human and capital resource costs given in Activity 18 are arbitrary but realistic.

- Why might people pay a higher price for a store item than for a homemade item? (Convenient, saves time, no cleanup, tastes better, prize inside, only small amount wanted.)
 - Why do you think the price of the store item is higher? (Total price includes **costs of production**, such as costs of advertising, prize, packaging, people's wages, as well as **profits**.)
 - Besides price, why might some consumers choose to make the item at home? (Need a large amount, freshness, no preservatives, better taste.)
 - Why are people motivated to buy more of a good at a low price and less of a good at a high price? (People buy more of a good at a low price because they are able to buy a larger quantity with the same amount of income. At a low price people are also willing to buy more because they substitute the relatively cheaper good for more expensive ones. People buy less of a good at a high price because they are less able to buy with the same income and also less willing to buy since the good is now relatively more expensive compared to other goods.)
6. **Closure, Critical Thinking.** Discuss prices students might charge for homemade Cracker Jack. Ask why it would not be a good idea to charge less than the costs of production. (You would lose money.)

Ask what might happen if students chose to charge much more than it cost them to produce a good. (People might not buy it because they could buy a lower priced substitute.)

The **PACE** decision-making model can be used for consumer choices. Have students provide answers for the four **PACE** steps. (Write steps on chalkboard.)

1. What is the problem? (Which snack to buy.)
2. What are the alternatives? (Buy Cracker Jack at the store or make it at home.)
3. What criteria could be used to decide what is best? (Price, taste, convenience, prizes.)
4. Evaluate each alternatives against each criterion. (Use **+** when the alternative meets the criterion and **-** when the alternative does not meet the criterion.)

Have students complete Activity 19 and decide which product to buy.

Ask students to identify the opportunity cost of buying a good at a store.

4. CONNECT

Art. Have students develop an original name for the homemade snack and then design an advertisement for it.

Creative Thinking, Bulletin Board. Have students develop a way to package the homemade snack without raising the price more than a few cents. (For example, plastic sandwich bags with twist ties, aluminum foil.) Have students display ideas on the bulletin board.

Cooperative Learning. Have groups of students design posters explaining the idea that homemade items can be cheaper and more nutritious than the store-bought versions.

Children's Literature:

- Merrill, Jean. *The Toothpaste Millionaire*. Boston: Houghton Mifflin, 1972. The story follows the rising success of an entrepreneurial business, as Rufus Mayflower proves he can make better toothpaste at a lower cost.
- Zimelman, Nathan. *How the Second Grade Got \$8,205.50 to Visit the Statue of Liberty*. Illinois: Albert Whitman, 1992. The second grade gets a chance to learn about business expenses and profits as they try to raise money for a class trip.

NAME _____ ACTIVITY 17Homemade Cracker Jack™/A

Honey

1 ounce costs \$.10

How much does 8 ounces cost? (8 X \$.10)

 (A)

Margarine

1 tablespoon costs \$.05

How much does 4 tablespoons cost? (4 X \$.05)

 (B)

Popcorn Kernels

1 ounce costs \$.03

How much does 2 ounces cost? (2 X \$.03)

 (C)

Peanuts

1 ounce costs \$.13

How much does 8 ounces cost? (8 X \$.13)

 (D)

When you mix and bake all of these ingredients, you will have 7 cups of homemade Cracker Jack. What is the total cost of these four ingredients?

(A) + (B) + (C) + (D) = \$

Total Cost of Ingredients

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NAME _____ ACTIVITY 18Homemade Cracker Jack™/B

The productive resources used to produce homemade Cracker Jack include natural resources, human resources, and capital resources. Total costs of production include payments made for using these productive resources.

Homemade Cracker Jack includes the following costs:

Natural resources (cost of ingredients)	\$2.10
Human resources (shopping for ingredients and making the product)	.55
Capital resources (use of saucepan, pan, popcorn popper, hot plate, bowl, spoon, and measuring cups)	.15

Total cost of homemade Cracker Jack = _____

One serving of the homemade snack is one cup. This recipe makes seven cups, so divide the total cost by 7 to get the price per cup. (\$2.80 ÷ 7 = .40)

A box of Cracker Jack holds one cup and has a price of \$ _____. Which product has the lower price, Cracker Jack or the homemade snack?

Calculate the price difference per box.

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NAME _____ ACTIVITY 19Cracker Jack™ Decisions

CRITERIA				
	Price	Taste	Convenience	Price
ALTERNATIVES				
Store-Bought				
Homemade				

Decision-Making Steps

1. Define the problem.
2. Select the alternatives.
3. Establish the criteria.
4. Evaluate each alternative against each criterion.
5. Make a decision.

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LESSON 10

A Taxing Situation

1. FOCUS

Student Objectives

- Understand that taxes help pay for goods and services provided by government.
- Identify goods and services provided by different levels of government (local, state, and federal).
- Identify taxes imposed by different levels of government.
- Use the decision-making process and grid to evaluate taxes.

Background

Some goods and services are provided by government. There are over 87,000 different governments in the United States, ranging from the federal government, to state governments, to many types of local governments (such as county, city, and township governments, as well as school districts). All of these governments are permitted to spend money on goods and services and resources and to raise revenue to pay for these expenditures through different types of taxes. Governments pay for the goods and services they produce by taxing people or by borrowing money. People in our country vote for government officials who make decisions about spending, taxing, and borrowing. Most government spending is intended to provide goods and services that private businesses cannot provide or do not provide in adequate quantities. Governments may also spend money to provide assistance to people who need help, such as poor people or the victims of natural disasters.

Taxes influence decisions households and businesses make. The imposition or change in a tax may cause people to change their decisions or behavior. For example, taxes may cause people to work more (or less); to save and invest more (or less); to buy more (or less) of some goods and services; or to use different resources or production methods.

Most people pay taxes every day when they buy things. These sales taxes are imposed on the buyer of many goods and services. The sales tax is usually a fixed percentage of the price of the taxable item. There are other taxes people pay. They usually pay a tax on the income they earn. This is called an income tax. If they own land or a home, they generally pay a property tax. People even pay taxes when they buy certain goods, such as gasoline for automobiles. These taxes are called excise taxes.

Concepts

Taxes, sales tax, income tax, property tax, excise tax

Preview

- *Many goods and services we use are provided by government.*
- *Government collects taxes from households and businesses.*
- *A government can tax people, or it can borrow money to pay for goods and services.*

2. PREPARE

Activity 20: Tax Cards	Activity 38: Economics Puzzle #2
Activity 21: Proposed School Taxes	Three sheets of oak tag
Activity 22: Tax Decision Grid	(8½" x 11")
Activity 23: Taxes and Government Goods and Services	

1. Make a copy of Activity 20 on oak tag sheets. Cut cards apart.
2. Duplicate Activities 21, 22, 23, and 38 for each student.

3. TEACH

Introduction

One major function of government is to provide a social and legal framework within which our economic system can operate. For example, government defines and enforces property rights and provides standard units of weights, measures, and money. Another function of government is to help provide public goods and services to citizens that private businesses might find too difficult, costly, or inefficient to offer for sale in large enough quantities for society.

Ask students the following questions:

1. Why do we have governments? (Governments make and enforce the rules under which people live in society. Governments also help provide some goods and services for large numbers of citizens.)
2. What goods and services do governments provide for their citizens? (Police and fire protection, schools, parks, roads, libraries, armies.)
3. Where do governments get the money to pay for these public goods and services? (Households and businesses pay taxes to governments.)
4. Why do we pay **taxes**? (So governments can have money to pay for the goods and services they provide.)
5. What would happen to these goods and services if people didn't pay taxes? (They would decrease or disappear because governments would not have enough money to pay for them.)

Tell students they are going to participate in an activity to decide which taxes they will pay.

Activities

1. Hand out tax cards face down.
2. Set the scene:

You are at a class meeting. The entire school wants to take a trip to the amusement park. The principal agrees to pay for buses with school funds, but there is not enough money to pay for the tickets. It is school policy not to ask parents to pay for class trips. The principal suggests students raise the money by collecting taxes on any or all of the following: lockers, bicycle parking, and school bookstore purchases. Distribute copies of Activity 21 and read with students.

3. Have students turn over their cards and silently read their roles. They should then look at tax alternatives on Activity 21 and decide which one(s) they will support, based on their assigned roles.
4. Ask students to identify themselves, one at a time, and state which tax(es) they support, based on their assigned roles.
5. After all students have spoken, lead a discussion about the pros and cons of each of the proposed taxes. Allow at least 15 minutes for this activity.
6. **Closure, Critical Thinking.** Have students form groups according to the symbols on the bottom of their cards. Distribute Activity 22. Each group should use the decision grid to decide which taxes it wants. Students will have to decide on criteria, such as: Is it fair? Will it raise revenue? Can it be collected easily? Will people accept it? Have students report and discuss their criteria. Explain that people don't always agree on which things or people should be taxed.

Cooperative Learning. Have students work in groups and use a decision grid to decide on solutions for the following problems:

- Your town needs an addition to the school building and a new fire station. You have enough tax dollars available for only one of these. Which one would you vote for and why?
- Your state wants to improve the camping facilities at a state park, but there are many highways that need repair. You only have enough tax dollars available for one of these. Which one would you vote for and why?

4. CONNECT

Community Connection. Invite a local tax official to speak to the class about local taxes.

Geography. Have students use a state map to locate state parks and highways which state tax dollars support.

Bulletin Board. Have students cut out and label pictures of services provided by local, state, and federal governments.

Cooperative Learning. Have students form three groups representing three levels of government (local, state, and federal). Distribute Activity 23. As a group, students should list three types of goods and services provided by their level of government and three types of taxes imposed by their government. Have groups report on the goods and services and taxes of their governments. (*Goods and services:* local governments support streets, fire protection, parks, and schools; state governments support state parks, highways, and schools; the federal government provides national defense, postal service, and social security.) (*Taxes:* local governments impose property taxes and some income and sales taxes; state governments impose sales taxes and income taxes; the federal government imposes income taxes, payroll taxes, and excise taxes.)

Children's Literature:

- Fritz, Jean. *Can't You Make Them Behave, King George?* New York: Coward-McCann, 1977. A tongue-in-cheek story about England, the American colonies, and the taxes that were imposed.
- Robinson, Nancy. *Angela, Private Citizen.* New York: Scholastic, 1989. When Angela hears that the government is in debt, she decides to help by mailing in her life savings.

Tax Cards

PRINCIPAL no locker drives a car spends \$2.00 a month at school store ★	STUDENT COUNCIL PRESIDENT upper locker 10-speed bike spends \$10.00 a month at school store ●	STUDENT COUNCIL VICE PRESIDENT upper locker 10-speed bike spends \$5.00 a month at school store ■
STUDENT COUNCIL SECRETARY lower locker 3-speed bike spends \$2.00 a month at school store ▲	STUDENT COUNCIL TREASURER lower locker no vehicle spends \$1.00 a month at school store ●	STUDENT upper locker 10-speed bike spends \$8.00 a month at school store ★
STUDENT upper locker 3-speed bike spends no money at school store ♣	STUDENT upper locker scooter spends \$9.00 a month at school store ●	STUDENT upper locker no vehicle spends \$5.00 a month at school store ★
STUDENT lower locker 10-speed bike spends \$10.00 a month at school store ♣	STUDENT lower locker 3-speed bike spends \$1.00 a month at school store ★	STUDENT lower locker roller blades spends \$2.50 a month at school store ♣
STUDENT lower locker no vehicle spends \$3.75 a month at school store ●	STUDENT shares locker 10-speed bike spends \$2.00 a month at school store ★	STUDENT shares locker 3-speed bike spends no money at school store ■

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Tax Cards

STUDENT shares locker no-speed bike spends \$1.75 a month at school store	STUDENT shares locker no vehicle spends \$1.50 a month at school store	STUDENT upper locker 8-speed bike spends \$2.00 a month at school store
STUDENT upper locker no vehicle spends \$1.75 a month at school store	STUDENT lower locker 10-speed bike spends no money at school store	STUDENT lower locker roller skates spends \$4.00 a month at school store
STUDENT upper locker no vehicle spends \$3.75 a month at school store	STUDENT lower locker skateboard spends \$3.50 a month at school store	STUDENT shares locker no vehicle spends \$10.00 a month at school store
TEACHER no locker drives a car spends \$5.00 a month at school store	TEACHER no locker drives a car spends \$3.00 a month at school store	TEACHER no locker drives a car spends \$6.00 a month at school store
SECRETARY no locker drives a car spends \$5.50 a month at school store	CUSTODIAN no locker walks to work spends \$1.50 a month at school store	ASSISTANT PRINCIPAL no locker drives a car spends \$5.50 a month at school store

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Proposed School Taxes

Upper lockers	\$2.00
Lower lockers	\$1.00
Shared lockers	\$.50

10-speed bicycle	\$2.00
3-speed bicycle	\$1.00
All other vehicles	\$.50

Monthly purchases up to \$2.00	\$.10
Monthly purchases \$2.00 - \$4.00	\$.20
Monthly purchases over \$4.00	\$.40

From *Walter: A Biography* by John P. Irving © 1995
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Decision Grid

[illegible]

From *Blackburn's Dictionary of English Words*, 1917.
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NAME _____

ACTIVITY 23**Taxes and Government Goods and Services****Goods and Services Supported by Government**

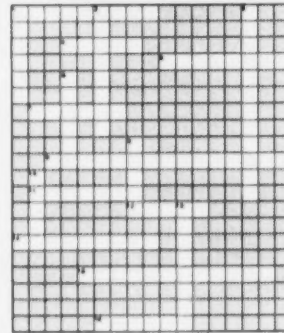
Federal Government	State Government	Local Government
1.	1.	1.
2.	2.	2.
3.	3.	3.

Taxes Collected by Government

Federal Government	State Government	Local Government
1.	1.	1.
2.	2.	2.
3.	3.	3.

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ACTIVITY 38**Economics Puzzle #2****Across**

1. People who make goods and services
2. A medium of exchange
3. Taxes are paid on land you own
4. Direct exchange of goods and services
5. A function of money (three words)
6. Money that businesses receive for their goods and services
7. A tax is paid on a good that you buy
8. _____ are used to produce goods and services
9. A model that shows the relationship between households and businesses (two words)

10. An _____ tax is paid on money that you earn

Down

1. _____ is the difference between revenue and costs of producing or selling a good or service
2. A person who buys goods and services
3. A function of money (three words)
4. A setting in which people can buy goods and services
5. Governments collect money to pay for the goods and services it provides by making people pay _____
6. _____ is the value of a good or service stated in money terms
7. Medium of _____ a function of money

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Answers to Activity 38

LESSON 11

Those Golden Jeans

1. FOCUS

Student Objectives

- Explain the laws of supply and demand.
- Analyze how an equilibrium price is determined.

Background

Supply and demand are concepts that students can easily understand when the concepts are demonstrated with products familiar to them. The Law of Demand states that consumers are willing and able to buy less of a product at higher prices and more of a product at lower prices. The demand curve is a graphic representation of the quantity of a product consumers are willing and able to buy at different prices during a given time period. The Law of Supply states that business firms are willing and able to offer less of a product for sale at lower prices and more of a product at higher prices. The supply curve is a graphic representation of the quantity of a product businesses are willing and able to sell at different prices during a given time period.

The market equilibrium (or market clearing) price is determined by the interaction of demand and supply in a market economy. In any market, there is one price that makes the amount buyers want to buy equal to the amount that sellers want to sell. This price is called the market equilibrium price. If the price is above the equilibrium price, there will be a surplus, since the quantity supplied exceeds the quantity demanded at that price. If the price is below the equilibrium price, there will be a shortage, since the quantity demanded exceeds the quantity supplied at that price. There will be pressure on prices to move toward the equilibrium price in order to eliminate surpluses or shortages in a competitive market.

Concepts

Supply, demand, consumer, businesses, price, equilibrium price, shortage, surplus

Preview

- *The Law of Demand says that people are willing and able to buy less of a good or service at a high price and more of the good or service at a low price.*
- *The Law of Supply says that businesses are willing and able to sell more of a good or service at a high price and less at a low price.*
- *The market equilibrium price is the price at which the amount buyers want to buy equals the amount sellers want to sell.*

2. PREPARE

Activity 24: The Story of Blue Jeans and the Gold Rush

Optional: Old flannel shirts, blue jeans, and hats

Activity 25: Demand and Supply of Jeans

1. Duplicate copies of Activities 24 and 25 for each student.

3. TEACH

Introduction

1. Ask students to indicate by a show of hands:

- How many like pizza?
- How many would be willing and able to buy a slice of pizza at a price of:
 - \$.50?
 - \$.75?
 - \$1.00?
 - \$1.25?
 - \$1.50?

The Law of Demand says that people are willing and able to buy less pizza at a high price and more pizza at a low price.

2. Put the demand schedule shown here on the chalkboard. Explain that **demand** refers to how many slices of pizza people are willing and able to buy at different prices during a given time period. Discuss the demand schedule.

Price per slice	\$.50	\$.75	\$1.00	\$1.25	\$1.50
Quantity Demanded	700	500	300	150	0

3. Have students pretend they own a pizza store. Ask students:

- How many slices of pizza would you be willing and able to sell if the price is:
 - \$.50?
 - \$.75?
 - \$1.00?
 - \$1.25?
 - \$1.50?

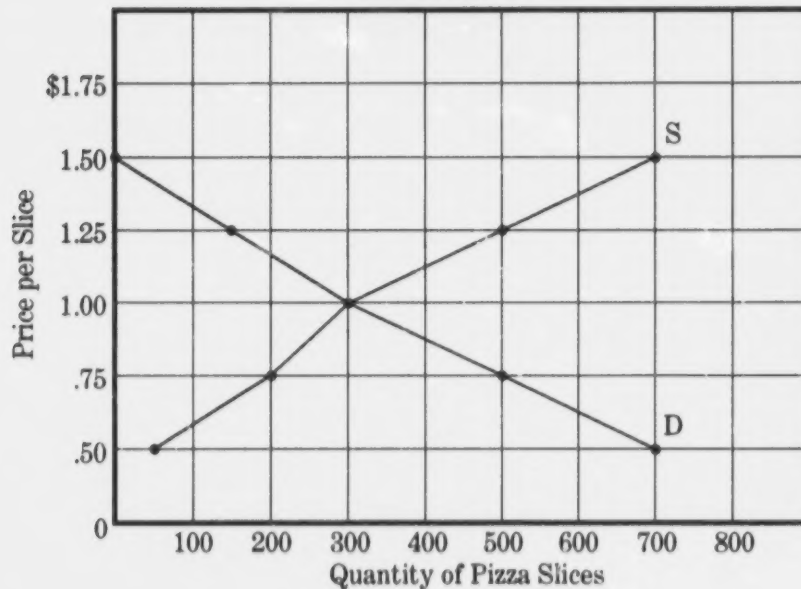
The Law of Supply says that pizza sellers are willing and able to sell more pizza at a high price and less at a low price.

4. Put the supply schedule shown here on the chalkboard. Explain that **supply** refers to the quantity of pizza slices the pizza store is willing and able to sell at different prices during a given period of time. Discuss the supply schedule.

Price per slice	\$.50	\$.75	\$1.00	\$1.25	\$1.50
Quantity Supplied	50	200	300	500	700

5. **Critical Thinking.** Ask students to compare and contrast the two schedules. If students can offer generalizations that express the laws of supply and demand, then continue. If not, review the schedules.

Pizza Market



6. On the chalkboard plot the demand curve for pizza (labeled D) and demonstrate how the figures from the demand schedule result in points on the graph. The line that connects these points is called a demand curve. To be sure students understand, point to the location on the demand curve representing the quantity demanded at a price of \$1.00 and ask how many slices are demanded at this **price**. (300) Point to the location representing the quantity demanded at a price of \$.50 and ask how many slices are demanded at this lower price. (700) Ask students what this tells them about how many pizza slices people are willing and able to buy at a lower price compared with a higher price. (more)
7. On the chalkboard plot the supply curve for pizza (labeled S) and demonstrate how the figures from the supply schedule result in points on the graph. The line that connects these points is called a supply curve. To be sure that students understand, point to the location on the supply curve representing the quantity supplied at a price of \$1.00 and ask how many slices would be offered for sale at this price. (300) Point to the location on the supply curve representing the quantity supplied at a price of \$1.50 and ask how many slices would be offered for sale at this higher price. (700) Ask students what this tells them about how many pizza slices **businesses** are willing and able to offer for sale at a higher price compared to a lower price. (more)
8. Ask students to think about which of the alternative prices for pizza slices will be established in the market. Ask students:
 - What happens if the price is \$1.25? (At this price, producers want to offer 500 slices of pizza for sale. Consumers, however, are willing and able to buy only 150 slices. At a price of \$1.25, producers will find that they are unable to sell all of the pizza slices they produce. This situation is called a **surplus**. A surplus exists in a market when the quantity supplied exceeds the quantity demanded at a particular price. Over time, there will be pressure on producers to lower prices to eliminate surpluses.)
 - What happens if the price is \$.75? (At this price, consumers want to buy 500 slices of pizza, but producers will offer only 200 slices for sale. At a price of \$.75, a shortage exists in the market because consumers want to buy more

than is available for sale. A **shortage** exists in a market when the quantity demanded exceeds the quantity supplied at a particular price. Over time, consumers will bid up the price in an attempt to obtain the relatively scarce pizza slices, thus helping to eliminate the shortage.)

- What happens at a price of \$1.00? (At this price, consumers want to buy 300 slices of pizza and producers want to sell 300 slices of pizza. At a price of \$1.00, the quantity demanded equals the quantity supplied. Because there are no shortages or surpluses, there is no tendency for price to change. The price at which the quantity demanded equals the quantity supplied is called the **equilibrium price** (or market clearing price).)

Using the economic concepts learned so far, the students are now ready to apply this knowledge to the history of the gold rush and blue jeans.

Activities

1. Distribute Activity 24 and have students read it. Ask the following questions:
 - A. What items did the miners want? (Tools, food, clothing, tents, mules.)
 - B. What can we say about the quantity demanded of each of these items? (It was high.)
 - C. For what items was the quantity supplied less than buyers wanted? (All of the items. A shortage probably existed because the quantity demanded was greater than the quantity supplied at the current prices.)
 - D. Do you think the price would be high or low for a mule? A pick? An egg? (High for all of them. Because of shortages of these items, prices would tend to move upward toward an equilibrium price.)
2. Distribute Activity 25 and divide students into groups of four. Have students plot supply and demand curves and determine an equilibrium price.
3. **Closure.** Using the student-generated graphs, review the definitions of demand, supply, shortage, surplus, and equilibrium price.

The lesson focused on movements along a given demand or supply curve resulting from changes in price (changes in quantity demanded or quantity supplied). The connect section extends the lesson to deal with changes or shifts in the demand and supply curves which result from nonprice determinants. Use your judgment to decide whether to introduce the nonprice determinants of demand (number of consumers, consumer tastes and preferences, consumer incomes, and prices of related goods) and supply (resource prices, numbers of sellers, technological change, and seller expectations).

4. CONNECT

Critical Thinking. Have a Blue Jean Day when students come dressed in jeans. Make a chart of the different brands of blue jeans that students wear. Discuss what makes some brands more popular than others. Analyze what would happen to the demand and supply of existing jeans if a new brand of jeans became popular.

Community Connection. Invite an owner or manager of a local store that sells blue jeans to speak to the class about how demand and supply affects his or her business. Discuss what a business person can do to influence the demand and supply of a product.

Children's Literature:

- Adler, David. *Prices Go Up, Prices Go Down: The Laws of Supply and Demand*. New York: Watts, 1984. This book describes in simple terms how supply and demand work in a free market economy not only to determine prices, but also to help decide what goods will be manufactured or what crops will be grown.
- Dr. Seuss. *Sneetches and Other Stories*. New York: Random House, 1961. A Dr. Seuss version of the laws of supply and demand.

ACTIVITY 24

The Story of Blue Jeans and the Gold Rush



Over 100 years ago, gold was discovered in California. People from all over rushed out West to see if they could find this precious mineral. Because so many people came to California, new towns grew up everywhere.

The people who were looking for gold came with little money or supplies. They needed to buy tools, pack mules, tents, cooking utensils, food, and clothing. Some people found gold and became rich. Others found nothing and lost all their money.

People who had goods to sell were able to ask a high price for those goods. The quantity demanded was very high, and because there were few stores, the quantity supplied was low. One man who made a lot of money during the gold rush never looked for gold. Instead, he made something that all of the miners wanted. He made blue jeans.

Levi Strauss made tents and wagon covers in San Francisco. A miner suggested that he make pants from the same canvas used in his tents because the cloth was tough and sturdy. Another miner suggested that Strauss add rivets to the pockets to prevent tearing when the miner stuffed his nuggets into his pockets. These pants, called denim, were a great success and became known as "Levi's." They were worn by ranchers, farmers, and cowboys throughout the West.

Today the Levi Strauss Company is the world's largest clothing manufacturer.

And to think it all started with a pair of blue jeans.

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ACTIVITY 25

Demand and Supply of Jeans

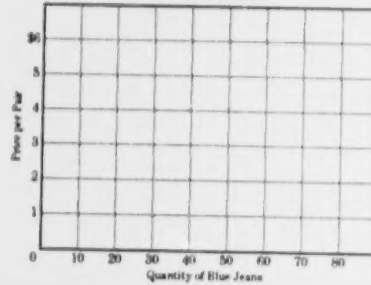
Supply Schedule

Price	\$2	\$3	\$4	\$5	\$6
Quantity Supplied	20	30	40	50	60

Demand Schedule

Price	\$2	\$3	\$4	\$5	\$6
Quantity Demanded	60	50	40	30	20

Blue Jean Market



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LESSON 12

A Classy Competition

1. FOCUS

Student Objectives

- Define competition.
- Analyze ways individuals compete.
- Analyze ways businesses compete.
- Define incentives.
- Identify benefits to consumers of buying in a competitive market structure.

Background

People experience competition every day. Competition challenges people to try harder, practice more, and invest more time and energy in order to do their best. Competition not only encourages individuals to do their best, it is also encourages businesses to do their best to gain more customers and thus make greater profits. The level of competition in the marketplace has a lot to do with how people live their lives, how much they earn, and how much they pay for goods and services.

Businesses compete through advertising, adding new products, improving product quality, lowering prices, and providing services along with products. A market is said to be competitive if it is characterized by a large number of buyers and sellers, products that are nearly identical, and freedom of entry and exit of new businesses and existing businesses. Competition in the marketplace benefits consumers by keeping prices of goods and services relatively low and quality high, by offering consumers more alternatives, and by encouraging the introduction of new products.

Incentives are expected benefits and/or rewards that encourage certain behavior. Incentives influence people's choices. Incentives are something, such as financial rewards and/or penalties, that motivate people to behave in certain ways. Incentives encourage or persuade people to make one choice over another. People respond to different incentives.

Concepts

Competition, incentives

Preview

- *Competition encourages people and businesses to do their best.*
- *Businesses compete in a variety of ways in order to gain more customers and earn greater profits.*
- *Incentives are expected benefits and/or rewards that encourage people to behave in certain ways.*

2. PREPARE

Activity 26: Incentive Scorecard

Full-page advertisements for different automobiles. (At least 3 per group.)

Collect or buy low-cost, easily available items such as books, trading cards, stickers, fancy pencils, or snack foods for prizes.

1. Duplicate Activity 26 for each student.
 2. Prepare a list of prizes (incentives).
-

3. TEACH

Introduction

1. Display several full-page advertisements for automobiles produced by different companies.
2. After students look at the advertisements, discuss:
 - A. What are these ads competing for? (Your money in exchange for their car.)
 - B. What is the purpose of a car? (Transportation; status symbol.)
 - C. Tell students that an **incentive** is something that increases the benefits of an activity so people are more likely to behave in certain ways. What are the incentives companies use to get you to buy one car instead of another? (Better price, more room, fancier car, better gas mileage, more safety features, faster and better service.)
 - D. What is the purpose of all of the ads? (To persuade you to buy one car instead of another.)
 - E. Tell students that **competition** includes all the ways businesses use prices, advertising, and other methods to increase their sales. What examples of competition do you see in the advertisements?
3. Tell students that the level of competition in a market is largely determined by the number of buyers and sellers in the market. (Competitive markets are those with many buyers and sellers, where no one person or business controls prices or the number of products for sale.)

Ask students how consumers might benefit from buying goods in a competitive market (lower prices and higher quality goods due to a large number of sellers competing to gain more customers and to earn larger profits).

Activities

1. Set up groups of no more than five students. Tell students their groups are going to compete for better grades. Give them this information:

For the next four weeks, each A on a test or quiz will be worth five points, each B will be worth three points, and homework assignments that are completed satisfactorily will be worth two points each. Students in the group having the highest number of points each week will receive ten bonus points.
2. Explain that all students will get something, but the best rewards will go to the groups with the most points. Begin the competition. Distribute Activity 26. At the end of each week, have students fill in Activity 26, so that they can compare the number of points each group has accumulated.
3. Announce that after four weeks you will hold an "auction" during which students can use their points to "buy" the incentive rewards.
4. After the first week, have groups discuss ways to improve their team's competitiveness. (These ideas might include students tutoring others on their

Possible prizes (incentives) could include books, trading cards, stickers, fancy pencils, or snack foods.

team or phone calls to remind each other to bring in homework.)

5. At the end of four weeks, total all points and display the results. Announce date and time of auction.
6. Hold the auction. Encourage students to use the **PACE** model and decision-making grid to decide what items they will bid for. Debrief with students after the auction.
 - Did the incentives make you want to earn more points?
 - What incentives might have made you work harder to get more points?
 - How do you think incentives work in the adult workplace?
7. **Closure.** Refer to the automobile advertisements from the introduction to this lesson. Lead students in a discussion comparing their competition for points with an automobile company's competition for consumer dollars.
 - What incentives made you want to earn more points?
 - What incentives (that were not available) might have made you work harder to earn points?
 - What are several areas in which students compete? What specific methods of competition are involved? What incentives are used?
 - What incentives made you want to buy a certain car?
 - What incentives might an automobile company use to get a consumer to purchase their car?
 - What are some other areas in which companies compete? (Location of their business, hiring workers.) What specific methods are involved? What incentives are used?

4. CONNECT

Bulletin Board. Select one product (such as sneakers) and make a display of advertisements for competitive brands. Highlight the incentives that companies use to get consumers to buy their sneakers.

Language Arts. Ask students to write a paragraph about ways they have been involved in competition, such as in sports and at school. Students should say how incentives have influenced their choices during the competition.

Children's Literature:

- Herman, Charlotte. *Max Malone Makes a Million*. New York: Henry Holt, 1991. When Max reads about a boy his age who gets rich selling cookies, Max decides to make his fortune, too.

ACTIVITY 26

Incentive Scorecard

Week # _____

Group 1	# of As X 5 =	# of Bs X 3 =	# of Completed Homeworks X 2 =	Total # of Points
Group 2	# of As X 5 =	# of Bs X 3 =	# of Completed Homeworks X 2 =	Total # of Points
Group 3	# of As X 5 =	# of Bs X 3 =	# of Completed Homeworks X 2 =	Total # of Points
Group 4	# of As X 5 =	# of Bs X 3 =	# of Completed Homeworks X 2 =	Total # of Points
Group 5	# of As X 5 =	# of Bs X 3 =	# of Completed Homeworks X 2 =	Total # of Points

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LESSON 13

The Working World

1. FOCUS

Student Objectives

- Define human capital.
- Analyze how skills, education, and talent are valued in the marketplace.
- Explain the relationship between human capital and job rewards.
- Define unemployment.

Background

Human capital consists of the skills, knowledge, and other factors, such as health, that improve an individual's ability to produce goods and services. One reason people earn different incomes for different jobs is that they differ in the quantity and quality of their human capital.

Human capital is developed through education and training. By investing time, energy, and money in human capital, people expect to be more productive and to receive a higher income, greater job satisfaction, and better job opportunities. It is important for students to realize that decisions they make *now* will influence their development of skills and knowledge in the future.

People earn income through work. This income allows individuals to purchase goods and services to satisfy their wants. A person's job also provides self-esteem, social interaction, and personal satisfaction. As workers in school and home, students develop skills and knowledge that are useful in their work. Work is the physical and mental effort by which a good or service is produced. Work, which can be paid or unpaid, refers to efforts by a worker who produces something (a good) or does something that is valued by someone (produces a service). People do some work without pay because it makes them feel good or proud, such as when they help friends and family.

The value placed on labor is determined in a labor market where demand for labor and supply of labor interact. The labor market itself is determined by the demand for goods and services it produces and the supply of workers with similar human capital. People who are unemployed usually have less income to buy goods and services than people who have jobs.

Concepts

Work, employment, human capital, unemployment

Preview

- *People have different levels of education, training, skills, talent, and experience that make up their human capital.*
- *Differences in people's human capital help explain differences in incomes for different jobs.*

- *Individuals use their incomes to purchase goods and services to satisfy their wants.*

2. PREPARE

Activity 27: Human Capital
Survey

Activity 28: My Human Capital

1. Duplicate three copies of Activity 27 and one copy of Activity 28 for each student.
-

3. TEACH

Introduction

1. Explain to students that **human capital** consists of the skills, knowledge, experience, and other factors that improve an individual's ability to produce goods and services. People can develop their human capital through education, training, and experience.
2. Explain to students that people earn income through **work**. This income allows individuals to purchase goods and services to satisfy their wants. A person's job also provides self-esteem, social interaction, and personal satisfaction. As workers in school and home, students develop skills and knowledge that are useful in their work. Work is the physical and mental effort by which a good or service is produced. Work, which can be paid or unpaid, refers to efforts by a worker who produces something (a good) or does something that is valued by someone (produces a service).
3. Discuss the difference between **employed** and **unemployed**. (People who are employed are working at a job. Unemployed people are those who are willing and able to work at current wage rates but do not have jobs.)

Activities

Another interview topic could be pay and nonpay rewards people get from their jobs.

1. Develop a list of jobs that adults do and discuss with class.
2. Hand out Activity 27. Tell students they will be interviewing three adults they know such as a store owner, as union official, a factory worker, and an office manager or teacher. Discuss the interview questions, and have students suggest additional questions. Instruct students to:
 - Circle the worker's number, but *don't* record the name.
 - Record job titles.
 - Record education such as high school diploma, some college, technical school, apprenticeship, college degree, and so on.
 - Record skills such as using a computer, driving a truck, using special equipment, and so on.
 - Be as specific as possible when describing how improvements in human capital help the worker do a better job.
3. Allow time for students to conduct interviews. As forms are returned, post a list of the different types of workers that were interviewed.

4. Construct a table on the chalkboard or bulletin board with headings such as those shown. Have each student fill in one row using one of his or her interview results.

Job Title	Education/ Training	Skills	Improvements in Human Capital

5. **Critical Thinking.** Analyze similarities and differences among jobs. Have students brainstorm a list of what, besides money, motivates people to work hard and do a good job. Discuss answers students have for survey question three. Are there any similarities in these answers?
6. **Closure.** Have students name the jobs they are doing at home or in school. (Classroom monitor, crossing guard, taking out garbage, cleaning bedroom.) Hand out Activity 28. Have students complete the chart for three jobs they do. Have them select one job, state how they could improve their human capital, and predict how this might change the job.

4. CONNECT

Community Connection. Have a high school guidance counselor or a union representative talk about different job areas and the skills and education requirements for each job.

Family Corner. Invite parents to speak to groups of students about their jobs.

Critical Thinking. Discuss what, in addition to money, motivates people to work hard and do a good job.

Children's Literature:

- Berenstain, Stan and Jan. *The Berenstain Bears and Mama's New Job*. New York: Random House, 1984. Mama Bear's new business venture makes the whole family aware of each other's responsibilities to the smooth running of the household.

ACTIVITY 27

Human Capital Survey

Adult Worker #1

Adult Worker #2

Adult Worker #3

Job Title:

1. What education or training did you need for this job?

2. What skills do you have that help you do this job?

3. How could improving your skills or knowledge help you do a better job?

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ACTIVITY 28

My Human Capital

Learning Strategy			
For			
Skills			
Knowledge/ Training			
Job			

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LESSON 14

Orange Juice Jubilee

1. FOCUS

Student Objectives

- Identify productive resources.
- Define division of labor.
- Define market economy.
- Make rational decisions.
- Explain how demand and supply interact to determine prices in a market.

Background

The simulation is a two-lesson unit designed to serve as a culminating activity for the review of economic concepts taught in the previous thirteen lessons. Actual production of the product (Lesson 15) is optional.

In Lesson 14 students form a company and make various preproduction decisions such as analyzing resources needed for production, writing letters of application for various jobs, and determining costs of production, and product price. Lesson 15 involves the actual production, marketing, and distribution of a product.

If you are going to do Lesson 15, allow time for students to apply for and obtain a \$100 loan from a local bank or from the school principal acting as a bank.

Concepts

Division of labor, decision making, productive resources, human capital, interdependence, market economy, supply, demand, price, collateral, interest, entrepreneurship

Preview

- *Entrepreneurs make decisions about which resources to use in making goods and services they hope people will buy. An entrepreneur is rewarded for taking risks with either a profit or a loss.*
- *Business firms make decisions about what goods and services to produce, how to use resources to produce the goods and services, for whom to produce the goods and services, and how to market and distribute the goods and services.*

2. PREPARE

White composition paper (for job applications)

Activity 29: Orange Juice Jubilee

Activity 30: Help Wanted List (Specialists)

Activity 31: Job Acceptance Letter

Activity 32: Comparison Shopping

Activity 33: Demand and Supply Schedules

Activity 34: Accountants' Report

Activity 35: Economic Concepts

1. Duplicate copies of Activities 29, 30, 31, and 35 for each student.
2. Duplicate four copies of Activities 32 and 33.
3. Duplicate two copies of Activity 34.

*Recipe for one pitcher (32 oz.) of
Orange Juice Jubilee*

1 six oz. can frozen orange juice	$\frac{1}{2}$ cup sugar
1 cup milk	1 teaspoon vanilla
1 cup water	10–12 ice cubes

Mix all ingredients in blender until thick.

3. TEACH

Introduction

1. Hand out Activity 29 and have students read it. Review and discuss the economic concepts mentioned in the story. Ask students to think about Mrs. Jubilee's plan to start her own business. Discuss student opinions.
2. Tell students they are going to participate in an entrepreneurship activity. Define entrepreneurship as a special type of human resource. Entrepreneurs use resources to make goods and services. Although they do careful planning, they take a risk when they enter a new market. They hope people will buy, but they take the risk that people won't buy their products or won't pay enough for them to cover their costs. Entrepreneurs are people who are willing to take risks, with the hope they will make a profit. The students will be entrepreneurs starting their own Orange Juice Jubilee company.

Activities

1. Tell students they are going to form a company by first electing a Board of Directors. The role of the Board of Directors is to lead the company, to make decisions, to obtain loans, and to start production. Have students nominate and elect five members of the Board of Directors.
2. Discuss the need for **resources** to start a company. Have students discuss ways to obtain a loan for the business. Define collateral and interest. (**Collateral** is an asset used to guarantee repayment of a loan. **Interest** is the payment for the use of borrowed money.) Have students decide on collateral and interest they are willing to pay for borrowing money. Have Board of Directors sign all loan agreements.
3. Distribute Activity 30. Allow time for students to read and decide which job they would like to apply for. (For a class of 30, there will be five members of the Board of Directors and 25 specialists.)
4. Have students write letters of application for the jobs, being sure to mention their qualifications. Either the teacher or the Board of Directors should review the letters and decide who will be hired for each job. Board of Directors should notify workers of their jobs using Activity 31.
5. Have the Comparison Shoppers visit four local stores and make a chart of the prices for the required materials using Activity 32. Comparison Shoppers will make an oral presentation to the Board of Directors who will decide where to purchase the materials.

6. Have the Marketing Agents visit other classrooms and explain that a new orange drink will be sold at lunch (or another time allowed by the school). Have Marketing Agents use Activity 33 (demand schedule only) to survey classes to determine the amounts that students would be willing and able to buy at various prices. Marketing Agents should present this information to Board of Directors.
7. Have Accountants determine the cost per cup of drink (eight ounces) using Activity 34. Have Accountants complete the supply schedule part of Activity 33. Accountants will then present this information to the Board of Directors.
8. **Closure.** Have the Board of Directors lead the class in the construction of demand and supply curves on the chalkboard using the information provided from the Accountants and Marketing Agents. Have the class determine the equilibrium price for Orange Juice Jubilee. Have the Board of Directors announce the price as well as the amount of juice which should be produced. Have students reread Activity 29 and discuss Mrs. Jubilee's plan to start a business in light of their own decisions.

4. CONNECT

Community Connection. Invite a local fast food store owner to speak to the class about his or her company. Have students prepare questions prior to the visit concerning start-up costs, business loans, hiring practices, productive resources, and product pricing.

Family Corner. Invite parents to speak to the class about jobs they hold that are similar to Orange Juice Jubilee positions.

Vocabulary. Have students complete Activity 35, a definition search activity that uses economic concepts.

Children's Literature.

- Mondu, Emmanuel. *The Lemonade Stand: A Guide to Encouraging the Entrepreneur in Your Child*. Holbrook, MA.: Bob Adams, Inc., 1991. A book that will inspire and guide parents and teachers with creative ways to help create entrepreneurial options for children.

ACTIVITY 29

Orange Juice Jubilee

Mrs. Jubilee liked to make things in her kitchen. One of her favorite things to make was a special, refreshing drink she called Orange Juice Jubilee. All her friends and family liked the drink so much they thought she should go into business selling Orange Juice Jubilee.

"Starting a new company sounds exciting, but I know it's a lot of hard work," said Mrs. Jubilee to her husband. "Yes, it is," replied Mr. Jubilee. "But you have a product that so many people like and want. Why not give it a try?"

"Well, first I have to form a company and select a board of directors. They would help me make decisions about borrowing money and starting production," Mrs. Jubilee thought aloud. "Why do you need to borrow money? You never needed much money when you made your juice in the kitchen," stated Mr. Jubilee.

"That's true," she answered, "but I was only making a small amount of juice, and I used money from my food budget for the ingredients. To make enough for all of my customers, I will need more resources, such as orange and milk, blenders and pitchers, and workers. I will need to borrow money to pay for these resources."

Mr. Jubilee was thoughtful. "That's very true, dear. I hope you also realize you will have to pay interest on the money you borrow, and you will have to put up something that is worth as much as your loan for collateral."

"Yes, I know that," she said. "The bank will charge me eight percent interest to borrow money. That means that I have to pay them \$1.08 for each dollar I borrow. Since I want to borrow \$100, I am going to offer my new sewing machine as collateral. I won't have time to sew when my business gets going."

"Now, what about the workers you mentioned? How will you find good workers?" asked Mr. Jubilee. "I will advertise for the jobs I have open," replied his wife. "Workers will apply and describe their education and skills. That will help me decide who is best for each position. In my company we will let the workers specialize in the areas that they do best. That way, we will make the best use of their human capital for the company."

"Well, you certainly have a lot of work to do," Mr. Jubilee said. "I know. After I hire my workers I will need to have some of them check prices for productive resources, while other workers survey the customers to see how much Orange Juice Jubilee they are willing and able to buy at different prices. In our type of market economy, it is very important to see how supply and demand determine price," she said as she looked over her kitchen.

Could I ask you just one more thing?" asked Mr. Jubilee. "Yes, of course," beamed his wife. "Would you make me one last pitcher of Orange Juice Jubilee before I have to pay for it?"

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ACTIVITY 30

Help Wanted List

Advertising Staff (3 positions)

Students who are creative with words and art and can produce slogans and posters.

Accountants (2 positions)

Students who are good at math and can keep accurate records of money.

Marketing Agents (4 positions)

Students who know how to conduct surveys and analyze and present results.

Comparison Shoppers (4 positions)

Students who can get to supermarkets easily and keep accurate records.

Quality Control Inspector (1 position)

Students who have good observation skills and can communicate well with workers.

Maintenance Staff (2 positions)

Students who can keep areas clean and orderly.

Delivery Persons (2 positions)

Students who are reliable and can follow directions.

Store Clerks (3 positions)

Students who are courteous and know how to make change quickly.

Preparers (4 positions)

Students who can follow directions and work well with others.

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ACTIVITY 31

Job Acceptance Letter

Dear _____,

We are happy to offer you a job as _____
in our Orange Juice Jubilee Company.

Your responsibilities will include the following:

1. _____

2. _____

3. _____

Please be prepared to begin work on _____.

Congratulations

Sincerely,

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ACTIVITY 32

Comparison Shopping

	Marker #4	Marker #3	Marker #2	Marker #1
Four 6-oz. cans frozen orange juice				
1 quart milk				
One 16-oz. box sugar				
2-oz. bottle vanilla extract				

(The above raw materials will produce four 32-oz. pitchers of Orange Juice Jubilee.)

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ACTIVITY 33

Demand and Supply Schedules

Demand Schedule

	0 Cups	1 Cup	2 Cups	3 Cups
\$ 1.25 each				
\$ 1.00 each				
\$.75 each				
\$.50 each				
\$.25 each				

Supply Schedule

	0 Cups	1 Cup	2 Cups	3 Cups
\$ 1.25 each				
\$ 1.00 each				
\$.75 each				
\$.50 each				
\$.25 each				

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ACTIVITY 34

Accountant's Worksheet

Cost to make four 32 oz. pitchers of Orange Juice Jubilee.

	Sample	Your Costs
Natural resources (ingredients)	\$ 5.20	\$
Human resources	2.35	2.35
Capital Resources	.45	.45
Total Production Costs	\$	\$

Calculate the total cost of four pitchers of Orange Juice Jubilee.

(Sample: $\$5.20 + 2.35 + .45 = \$$)

(Your Costs: $\$$ + $2.35 + .45 = \$$)

How many total ounces of Orange Juice Jubilee will four pitchers make?

($4 \times 32 =$)

How many eight ounce servings can be made from four pitchers of Orange Juice Jubilee?

($128 \div 8 =$)

If four pitchers cost \$ to make and can make servings, how much will one serving cost?

(Sample: $\$5.00 \div 16 = \$$)

(Your Costs: $\$$ + $16 = \$$)

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ACTIVITY 35

Economic Concepts

Draw a line from each concept to its definition.

A schedule of the quantity consumers are willing and able to buy at various prices	The value of a good or service stated in money terms	An economic system in which most goods and services are exchanged by private households and businesses
The basic economic problem that occurs because people's wants are unlimited and the resources used to satisfy them are limited	opportunity cost	A labor resource that can be developed through education and training
The amount of output of goods and services per unit of inputs of resources	scarcity	A schedule that shows the quantity businesses are willing and able to sell at various prices
Decisions by one individual influence other individuals and their decisions	productivity	A medium of exchange
	interdependence	
	money	
	market economy	
	human capital	
	supply	
	demand	
	price	
	The highest valued alternative that is given up when one makes a decision	

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LESSON 15

An Entrepreneurial Experience Extraordinaire

1. FOCUS

Student Objectives

- Demonstrate the use of incentives in advertising.
- Demonstrate the use of division of labor and specialization.
- Make rational decisions.

Background

In the previous lesson students established a company and participated in various preproduction activities. This lesson involves the implementation of production, marketing, and distribution decisions for Orange Juice Jubilee. Students will conclude the lesson by evaluating their entrepreneurial experiences.

Concepts

Division of labor, decision making, profit, incentives, entrepreneurship

Preview

- *Successful business firms earn profits, while unsuccessful firms suffer losses.*

2. PREPARE

Oaktag (12 x 18 inches) for
advertising
Two blenders
Four pitchers
White tablecloth
Nine-ounce paper cups

Cash box
Recipe items (amount to be deter-
mined by Board of Directors)
Coolers
Activity 36: Financial Report
Activity 39: Economics Puzzle #3

1. Duplicate two copies of Activity 36.
2. Duplicate copies of Activity 39 for each student.

3. TEACH

Introduction

Explain to students that Lesson 14 was the preliminary work for this lesson, the simulation of a productive business. Students will keep the same positions they were hired for in the previous lesson. Review all of the steps that were done in Lesson 14.

Activities

Suggested assembly line includes a milk measurer, a water measurer, a sugar and vanilla measurer, and a blender operator.

1. Student Advertisers should review the information from the Marketing Agents. Have Advertisers make attractive posters with creative slogans and illustrations. Stress the importance of **incentives** to make consumers want to buy their product. Post advertisements around the school.
2. Have Comparison Shoppers buy the necessary ingredients in amounts determined by the Accountants and Board of Directors.
3. Have Maintenance Staff and Quality Control Inspector set up assembly table and distribution center.
4. Have Preparers read recipe carefully and use division of labor techniques to establish production line procedure.
5. Have Preparers produce as much of the product as needed and pour into pitchers. Have Quality Control Inspectors check that the Preparers follow the recipe.
6. Have Deliverers bring pitchers to the Store Clerks at the distribution center. Have Quality Control Inspectors survey the work area and notify workers of any inferior products, if any. Have Maintenance Staff help keep the production area and distribution center clean. Have Accountants handle all money and keep careful records of the cash.
7. **Closure.** Have Accountants prepare a financial report using Activity 36 and present copies to the Board of Directors and the class. Define the term **profit**. Ask students if their business made a profit. Give employees time to comment on the financial report, production, and their own positions. Have Board of Directors repay loan with interest. If there is a profit, have students use the **PACE** model and decision-making grid to decide how profits would be used.

4. CONNECT

Language Arts. Have students write a paragraph describing their experiences working for the Orange Juice Jubilee Company. Students should analyze how this experience might affect their plans for a future job.

Vocabulary. Have students complete Activity 39, a crossword puzzle that includes the following economic concepts used in lessons 11-15: collateral, competition, demand, equilibrium price, entrepreneurship, human capital, incentives, interest, price, profit, shortage, supply, surplus, unemployment, and work.

Financial Report

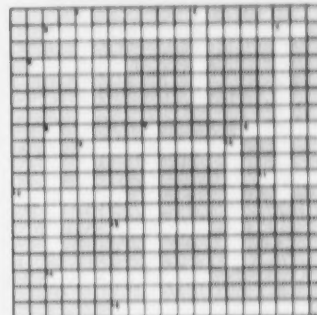
Amount of Loan	\$ _____
Interest on Loan	+ \$ _____
Production Costs	+ \$ _____
Total Costs	\$ _____

Amount of Sales	\$ _____
Any Additional Revenue	+ \$ _____
Total Revenues	\$ _____

Total Revenue Received	\$	_____
Minus Total Costs	- \$	_____
Amount of Profit (or Loss)	\$	_____

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Economics Puzzle #3



2. Price is what quantity demanded by buyers equals quantity supplied by sellers.
3. Shows potential people are willing and able to buy at different prices.
- a. _____ helps state the value of a good in money terms.
4. Things used to motivate people.
5. People _____ in order to produce goods and services.
6. If the quantity supplied exceeds the quantity demanded of a good, there is a _____.
7. Excess of a national income in total of production equal to _____.
8. _____ is used to guarantee the requirement of a loan.

1. Can be developed through education and training (two words)
2. Almost quantitative business are willing and able to sell at different price
3. _____ refers to the ways in which businesses use price, advertising, and other methods to get more customers and to earn higher profits
4. Paying more for the use of borrowed or leased money
5. Situation when people are not at work, but looking for a job
6. If the quantity demanded exceeds the quantity supplied of a good, there is a _____

4

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		3	E	Q	U	I	L	I	B	R	I	U	M	P	R	I	C	E						
				M								P				O								
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						N						L				P								
						C						Y				E								
						A										T								
		6	I		P					7	U					8	P	R	I	C	E			
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			S					13	P	R	O	F	I	T		A								
			T									Y				G								
												M				E								
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												N												
												15	E	N	T	R	E	P	R	E	N	E	U	R

GLOSSARY

Teaching Strategies, 3-4

alternatives	options among which to make choices. (page 8)
barter	the direct trading of goods and services without the use of money. (page 28)
benefit	the gain received from voluntary exchange. (page 52)
business firm	private profit-seeking organizations that use resources to produce goods and services. (page 21)
capital resources	goods made and used to produce other goods and services. Examples include buildings, equipment, and machinery. (page 4)
circular flow of goods and services	a model of an economy showing the interactions between households and business firms as they exchange goods and services and resources in markets. (page 23)
collateral	anything of value that is acceptable to a lender to guarantee repayment of a loan. (page 60)
competition	techniques used by businesses to gain more customers and to earn higher profits. (page 52)
consumers	people who buy and use goods and services to satisfy wants. (page 22)
costs of production	all resources used in producing goods and services, for which owners receive payments. (page 21)
criteria	standards or measures of value that people use to evaluate what is most important. (page 12)
decision making	choosing from alternatives the one with the greatest benefit net of costs. (page 11)
demand	a schedule of how much consumers are willing and able to buy at all possible prices during some time period. (page 46)
division of labor	the process whereby workers perform only a single or a very few steps of a major production task (as when working on an assembly line). (page 16)
economic wants	desires that can be satisfied by consuming a good or service. (page 1)
entrepreneurship	the human resource that assumes the risk of organizing other productive resources to produce goods and services. (page 60)
equilibrium price	the market clearing price at which the quantity demanded by buyers equals the quantity supplied by sellers. (page 48)
exchange	trading goods and services with others for goods and services of greater value to the trader. (page 32)

excise tax	taxes imposed on specific goods and services, such as cigarettes and gasoline. (page 39)
functions of money	the roles played by money in an economy. These roles include medium of exchange, standard of value, and store of value. (page 32)
goods	objects that satisfy people's wants. (page 2)
households	individuals and family units which, as consumers, buy goods and services from firms and, as resource owners, sell or rent productive resources to business firms. (page 21)
human capital	the health, strength, education, training, and skills which people bring to their jobs. (page 56)
human resources	the quantity and quality of human effort directed toward producing goods and services. (page 4)
incentives	factors that motivate and influence the behavior of households and businesses. Prices, profits, and losses act as incentives for participants to take action in a market economy. (page 52)
income	the payments earned by households for selling or renting their productive resources. For example, workers receive wages or salary payments in exchange for their labor. This pay is the price of labor. (page 22)
income tax	taxes paid by households and business firms on the income they receive. (page 39)
interdependence	people's dependence on one another for work, goods, and services. (page 29)
interest	payments made for the use of borrowed or loaned money. (page 60)
labor market	a setting in which workers sell their human resources and employers buy human resources. (page 55)
land	natural resources or gifts of nature that are used to produce goods and services. (page 4)
market	any setting where buyers and sellers exchange goods and services, resources, currencies, and so on. (page 21)
market economy	an economic system where most goods and services are exchanged through transactions by private households and businesses. Prices are determined by buyers and sellers making exchanges in private markets. (page 21)
medium of exchange	one of the functions of money whereby people exchange goods and services for money and in turn use money to obtain other goods and services. (page 32)
money	anything that is generally accepted as a medium of exchange with which to buy goods and services, that serves as a standard of value, and has a store of value. (page 32)
natural resources	"gifts of nature" that are used to produce goods and services. They include land, trees, fish, petroleum and mineral deposits, the fertility of soil, climatic conditions for growing crops, and so on. (page 4)

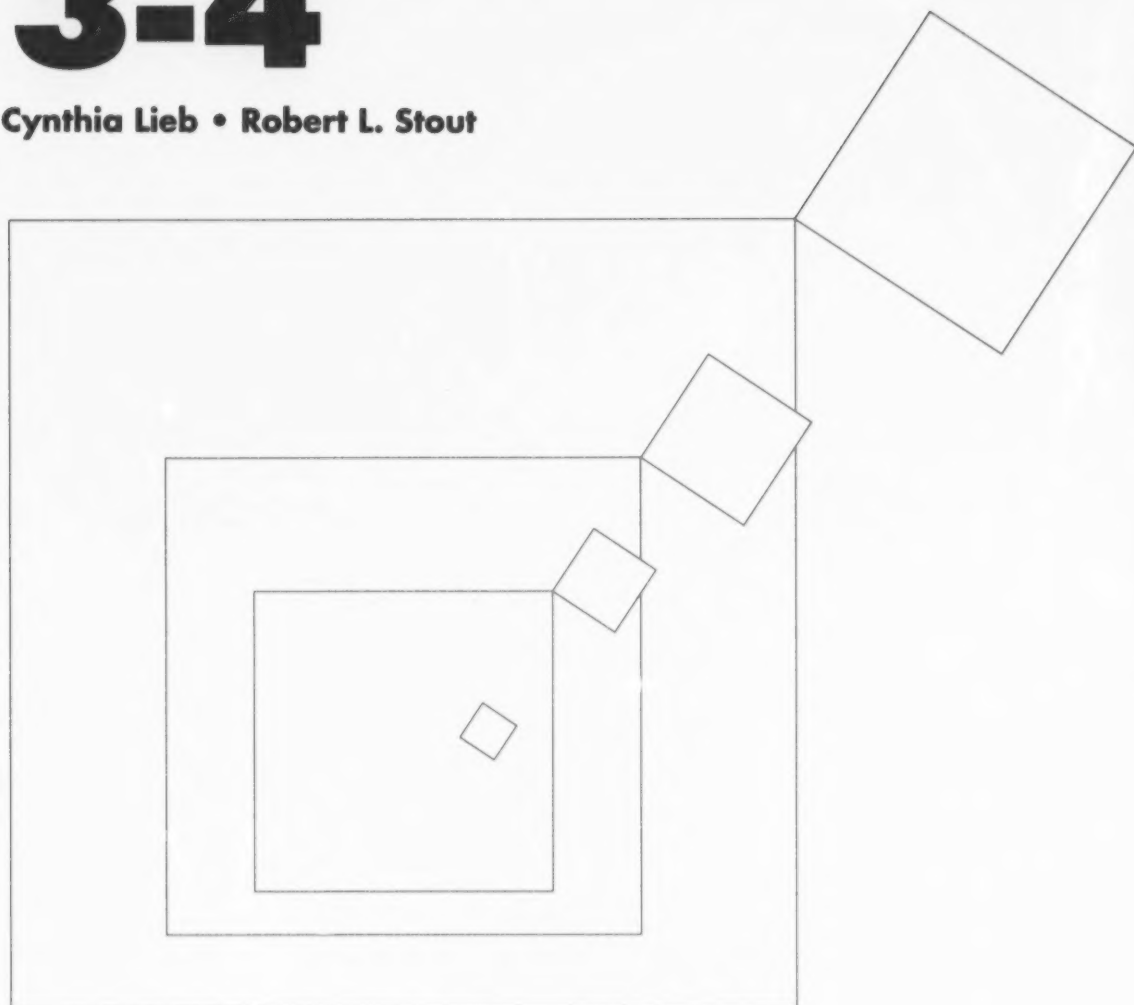
opportunity cost	the highest valued alternative that must be forgone when another option is chosen. (page 8)
price	the value of a good or service stated in money terms. (page 21)
producers	people who combine productive resources to make goods and services. (page 2)
productive resources	all natural resources (land), human resources (labor), and human-made resources (capital) used in the production of goods and services. (page 4)
productivity	the ratio of output (goods and services) produced per unit of input (productive resources) over some period of time. (page 17)
profit	the difference between total revenues and the full costs involved in producing or selling a good or service; it is a return for risk taking. (page 22)
property tax	taxes paid by households and businesses on land and buildings. (page 39)
resources	things used by producers to make goods and services. (page 2)
revenue	payments received by businesses from selling goods and services. (page 22)
sales tax	taxes paid on the goods and services people buy. (page 39)
scarcity	the condition that occurs because people cannot have all of the goods and services they want. It results from the imbalance between relatively unlimited wants and limited resources. (page 2)
services	intangible activities that satisfy people's wants. (page 2)
shortage	the situation resulting when the quantity demanded exceeds the quantity supplied of a good or service, usually because the price is for some reason below the equilibrium price in the market. (page 48)
specialization	the situation in which people produce a narrower range of goods and services than they consume. Applied to workers, the concept refers to a person's occupation and the special training it requires. (page 16)
standard of value	one of the functions of money whereby the value of goods and services is expressed in money terms (prices). (page 32)
store of value	one of the functions of money allowing people to save current purchasing power to buy goods and services in a future time period. (page 32)
supply	a schedule of how much producers are willing and able to sell at all possible prices during some time period. (page 46)
surplus	the situation resulting when the quantity supplied exceeds the quantity demanded of a good or service, usually because the price is for some reason below the equilibrium price in the market. (page 47)
taxes	required payments of money made to governments by households and business firms. (page 39)
unemployment	the situation in which people are willing and able to work at current wage rates, but do not have jobs. (page 56)
work	employment of people in jobs to make goods or services. (page 56)

STUDENT ACTIVITIES

Master Curriculum Guide in Economics

TEACHING STRATEGIES 3-4

Cynthia Lieb • Robert L. Stout



**National Council
on Economic Education**

THE EconomicsAmerica AND EconomicsInternational PROGRAMS

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The *Master Curriculum Guide* Student Activities are one part of a two-part package. The first part, the Teacher Resource Manual, contains lesson plans for teachers.

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5 4 3

NAME _____

ACTIVITY 1

Service Chart

Service	Provided by Whom? (Human Resources)	Using What? (Capital Resources)	Using What? (Natural Resources)
Example	Student	Watering pitcher	Water
1.			
2.			
3.			
4.			

ACTIVITY 2

Service Coupons

Service Coupon This coupon is redeemable for this service: _____ I will use these resources to perform my service: _____ _____ Love, _____	Service Coupon This coupon is redeemable for this service: _____ I will use these resources to perform my service: _____ _____ Love, _____
Service Coupon This coupon is redeemable for this service: _____ I will use these resources to perform my service: _____ _____ Love, _____	Service Coupon This coupon is redeemable for this service: _____ I will use these resources to perform my service: _____ _____ Love, _____

ACTIVITY 3

Family Services

Write a paragraph describing your experiences providing services for your family.

This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

NAME _____

ACTIVITY 4

School Resource Hunt

Directions: As you walk around your school, list examples of productive resources used to produce education. Place an "X" in the correct column on the right side to show the type of resource for each example.

Productive Resources at School	Natural Resource	Human Resource	Capital Resource
1. Principal		X	
2. Chalkboard			X
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

ACTIVITY 5

Tropical Rain Forests

Tropical rain forests grow where the climate is warm and humid all of the time. They are found in parts of South America, Africa, and Southeast Asia. As many as one hundred different types of trees can grow in on an acre of these forests. Most of these trees are broadleaf evergreens.

Many animals live in the rain forest, including bats, birds, insects, lizards, mice, monkeys, and snakes. Although rain forests cover only a small part of the earth, they are home to more than half of the world's plant and animal species.

Rain forests have many other uses. Some people think the rain forest land is most valuable when used to help produce goods people want. For example, ranchers clear the forests and make pastures for raising cattle, which is sold as beef to the United States and other countries. The wood cut from trees can be sold for lumber, paper, and other wood products. Latex, used in making rubber and turpentine, comes from trees, too.

Other people think that rain forests are most valuable when few or no trees are cut. Rain forests are important to the world's weather. The trees add oxygen to the air we breathe. A large reduction in the number of trees could mean less oxygen. Without rain forests the air would get hotter and hotter which could make many plants and animals extinct.

Even humans could be in danger if we destroy the rain forests.

NAME _____

ACTIVITY 6

Opportunity Cost Chart

Tree	Used for	I Would Use This Tree for	My Opportunity Cost Is
	1. 2.		
	1. 2.		

ACTIVITY 7

Country Fact Cards

Country A	Country B
Wealthy	Wealthy
Varied climate and geography	Varied climate and geography
Citizens very interested in health and physical fitness	Citizens very interested in health and physical fitness
Excellent training facilities	Excellent training facilities
Country C	Country D
Wealthy	Poor
Tropical climate, low hills, flat lands	Temperate climate, some mountains
Citizens not very interested in physical fitness	Citizens very interested in health and physical fitness
Average university sports facilities	No training facilities

NAME _____

ACTIVITY 8

Decision Grid

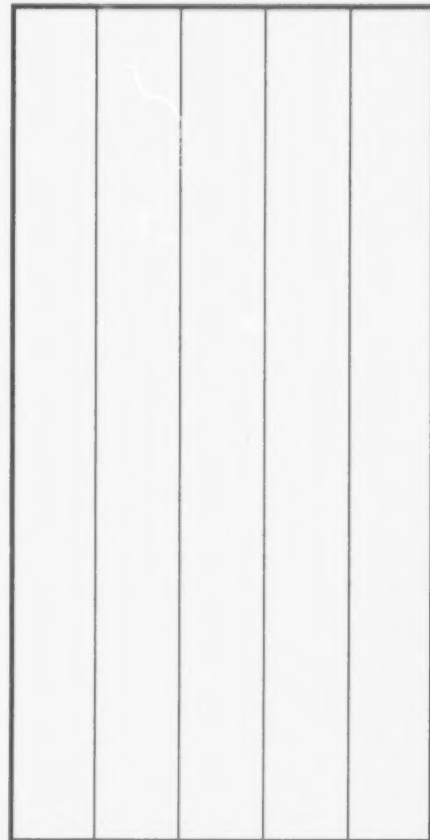
CRITERIA ALTERNATIVES			

PACE Decision-Making Model Steps

1. What is the *problem*?
2. What are the *alternatives*?
3. Select *criteria* (What is really important to you?)
4. *Evaluate* the alternatives against the criteria.
5. Make a *decision*.

ACTIVITY 9

Bookmark Pattern



ACTIVITY 10

Circles within Circles Skit

- Narrator 1:** Welcome to our market economy. What you are about to see may surprise and amaze you. We are going to build a model of our market economy right before your eyes. Ladies and gentleman, please watch closely because we may test you at the end of our performance.
- Narrator 2:** Let us begin. Households, please assemble to my left. (Wait for movement to stop.) Good day to all the households. Please tell our audience about yourselves.
- Households:** (Read together) Households are made up of individuals and families. We are consumers in a market economy when we buy goods and services. We spend our income on goods and services we want. Income is the money we earn from selling our resources to businesses.
- Narrator 1:** Thank you, households. The next important part of our market economy are businesses. Businesses, please assemble to my right. (Wait for movement to stop.) Welcome to all the businesses. Please tell us about yourselves.
- Businesses:** (Read together) Businesses are the producers who make and sell goods and services. Revenue is the money we earn from selling goods and services in the market. We also buy resources from the households so that we can produce and sell goods and services.
- Narrator 2:** Thank you, businesses. Now the consumers of goods and services (ask households to wave) and the producers of goods and services (ask businesses to wave) meet in the marketplace to buy and sell goods and services. Let me repeat. Consumers of goods and services (wave) and producers (wave) meet in the marketplace to buy and sell goods and services. Money is exchanged in the market when consumers, or households, buy goods and services from producers, or businesses.
- Narrator 1:** Now we will look at goods and services. Goods and services, assemble at the front of the room between the households and the businesses. (Wait for movement to stop.) Hello, goods and services. Please describe yourselves for us.
- Goods & Services:** (Read together) Goods and services are things consumers buy to satisfy their wants. Televisions and automobiles are goods. Services

ACTIVITY 10 (continued)

Circles within Circles Skit

are activities that one person does for someone else, such as fixing a broken washing machine or cutting a lawn. Businesses (point to businesses) sell goods and services to households (point to households) who want them and are willing to pay for them.

Narrator 2:

Thank you, Goods and Services. Now we will hear from the Productive Resources. Productive Resources, assemble at the back of the room between the households and the businesses. (Wait for movement to stop.) Would the Productive Resources please describe themselves?

Productive Resources:

(Read together) Productive resources are natural resources, human resources, and capital resources used in the production of goods and services. Businesses (point to businesses) buy productive resources from households to make goods and services. Households (point to households) sell their productive resources to businesses in order to earn incomes with which to buy goods and services.

Narrator 1:

Thank you. Money is exchanged as households buy goods and services from businesses. Money is also exchanged as businesses buy productive resources from households. Will two Money cards and two Productive Resources cards stand with the Households? Will two Money cards and two Goods and Services cards stand with the Businesses?

Narrator 2:

This picture of our market economy is called a "circular flow." This means that it forms a circle. Households sell productive resources to businesses to earn money. (Productive Resources move in a semicircle, going from Households to Businesses, while two Money cards move in a semicircle, going from Businesses to Households.) Notice that Productive Resources and Money are exchanged when households sell their productive resources to businesses.

Narrator 1:

Households buy goods and services from Businesses in exchange for money. (Goods and Services move in a semicircle, going from Businesses to Households, while two Money cards move in a semicircle, going from Households to Businesses.) Notice that Goods and Services and Money are exchanged when businesses sell their products to consumers. Money is used by both businesses and households to exchange for the resources or goods and services each wants.

ACTIVITY 11

Circular Flow Model



NAME _____

ACTIVITY 12

Family Letter

Date: _____

Dear Family,

Our class is going to conduct a bartering activity. Each student should bring an item to class that can be traded. These items will not be returned.

Please help your child select something that he or she has at home and is willing to trade. Examples include baseball cards, costume jewelry, a T-shirt, a small toy, or an apple.

Remember, this item will not be returned but will be traded for another student's items. Thank you for your help.

Sincerely,

Transaction Sheet

From *Master Curriculum Guide: Teaching Strategies*, 3-4
© National Council on Economic Education

NAME _____

ACTIVITY 14

Barter Worksheet

1. What item did you want? Did you get it?

2. If you did not get what you wanted, why not?

3. What were some of the problems you had during the activity?

4. What would have made your trading easier?

5. Write two sentences to describe what you learned from this activity.

NAME _____

ACTIVITY 15

Functions of Money Role-Play Cards

Student 1 "I have a baseball card that I am willing to sell for \$1.00." MEDIUM OF EXCHANGE	Student 2 "I have a dollar, and I want to buy your baseball card." MEDIUM OF EXCHANGE
Student 3 "My newspaper cost \$.50." STANDARD OF VALUE	Student 4 "My sneakers cost \$50." STANDARD OF VALUE
Student 5 "This is a quarter. It was a quarter yesterday and it will be a quarter tomorrow." STORE OF VALUE	Student 6 "This is milk. It's not a good thing to use as money, because while it's milk today, it may turn sour in several days and have to be thrown out!" STORE OF VALUE

NAME _____

ACTIVITY 16

Characteristics of Money

ITEM	CHARACTERISTICS OF MONEY			
	PORTABLE	DIVISIBLE	DURABLE	GENERALLY ACCEPTED
Sand				
Pencils				
Chewing Gum				
Gold Glitter				
Brick				

NAME _____

ACTIVITY 17

Homemade Cracker Jack™/A

Honey

1 ounce costs \$.10

How much does 8 ounces cost? (8 X \$.10)

(A)

Margarine

1 tablespoon costs \$.05

How much does 4 tablespoons cost? (4 X \$.05)

(B)

Popcorn Kernels

1 ounce costs \$.03

How much does 2 ounces cost? (2 X \$.03)

(C)

Peanuts

1 ounce costs \$.13

How much does 8 ounces cost? (8 X \$.13)

(D)

When you mix and bake all of these ingredients, you will have 7 cups of homemade Cracker Jack.

What is the total cost of these four ingredients?

+

+

+

=

\$

(A)

(B)

(C)

(D)

Total Cost
of Ingredients

NAME _____

ACTIVITY 18

Homemade Cracker Jack™/B

The productive resources used to produce homemade Cracker Jack include natural resources, human resources, and capital resources. Total costs of production include payments made for using these productive resources.

Homemade Cracker Jack includes the following costs:

Natural resources (cost of ingredients)	\$2.10
---	--------

Human resources (shopping for ingredients and making the product)	.55
---	-----

Capital resources (use of saucepan, pan, popcorn popper, hot plate, bowl, spoon, and measuring cups)	.15
--	-----

Total cost of homemade Cracker Jack = _____

One serving of the homemade snack is one cup. This recipe makes seven cups, so divide the total cost by 7 to get the price per cup.
(\$2.80 ÷ 7 = ?)

A box of Cracker Jack holds one cup and has a price of \$_____. Which product has the lower price, Cracker Jack or the homemade snack?

Calculate the price difference per box.

_____ - _____ = _____

NAME _____

ACTIVITY 19

Cracker Jack™ Decisions

CRITERIA ALTERNATIVES	Price	Taste	Convenience	Prize
	Store-Bought			
Homemade				

Decision-Making Steps

1. Define the problem.
2. Select the alternatives.
3. Establish the criteria.
4. Evaluate each alternative against each criterion.
5. Make a decision.

ACTIVITY 20

Tax Cards

PRINCIPAL no locker drives a car spends \$2.00 a month at school store ★	STUDENT COUNCIL PRESIDENT upper locker 10-speed bike spends \$10.00 a month at school store ●	STUDENT COUNCIL VICE PRESIDENT upper locker 10-speed bike spends \$5.00 a month at school store ■
STUDENT COUNCIL SECRETARY lower locker 3-speed bike spends \$2.00 a month at school store ▲	STUDENT COUNCIL TREASURER lower locker no vehicle spends \$1.00 a month at school store ♣	STUDENT upper locker 10-speed bike spends \$3.00 a month at school store ↑
STUDENT upper locker 3-speed bike spends no money at school store ♀	STUDENT upper locker scooter spends \$9.00 a month at school store 🚲	STUDENT upper locker no vehicle spends \$.50 a month at school store ★
STUDENT lower locker 10-speed bike spends \$10.00 a month at school store ♣	STUDENT lower locker 3-speed bike spends \$1.00 a month at school store ↑	STUDENT lower locker roller blades spends \$2.50 a month at school store ♂
STUDENT lower locker no vehicle spends \$3.75 a month at school store 🚲	STUDENT shares locker 10-speed bike spends \$2.00 a month at school store ★	STUDENT shares locker 3-speed bike spends no money at school store ●

ACTIVITY 20 (continued)

Tax Cards

STUDENT shares locker no-speed bike spends \$1.75 a month at school store 	STUDENT shares locker no vehicle spends \$1.50 a month at school store 	STUDENT upper locker 3-speed bike spends \$5.00 a month at school store 
STUDENT upper locker no vehicle spends \$.75 a month at school store 	STUDENT lower locker 10-speed bike spends no money at school store 	STUDENT lower locker roller skates spends \$4.00 a month at school store 
STUDENT upper locker no vehicle spends \$3.75 a month at school store 	STUDENT lower locker skateboard spends \$3.50 a month at school store 	STUDENT shares locker no vehicle spends \$10.00 a month at school store 
TEACHER no locker drives a car spends \$5.00 a month at school store 	TEACHER no locker drives a car spends \$3.80 a month at school store 	TEACHER no locker drives a car spends \$6.00 a month at school store 
SECRETARY no locker drives a car spends \$3.50 a month at school store 	CUSTODIAN no locker walks to work spends \$1.50 a month at school store 	ASSISTANT PRINCIPAL no locker drives a car spends \$9.50 a month at school store 

ACTIVITY 21

Proposed School Taxes

Locker Taxes (Property Tax)

Upper lockers	\$2.00
Lower lockers	\$1.00
Shared lockers	\$.50

Bicycle Parking Taxes (Commuter Tax)

10-speed bicycle	\$2.00
3-speed bicycle	\$1.00
All other vehicles	\$.50

School Bookstore Taxes (Sales Tax)

Monthly purchases up to \$2.00	\$.10
Monthly purchases \$2.00 - \$4.00	\$.20
Monthly purchases over \$4.00	\$.40

NAME _____

ACTIVITY 22

Decision Grid

CRITERIA ALTERNATIVES	Locker Tax	Bicycle Tax	Bookstore Tax

NAME _____

ACTIVITY 23

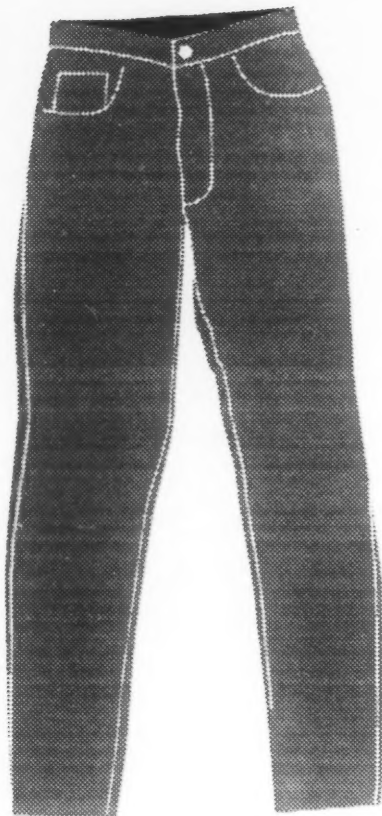
Taxes and Government Goods and Services

Goods and Services Supported by Government		
<i>Federal Government</i>	<i>State Government</i>	<i>Local Government</i>
1.	1.	1.
2.	2.	2.
3.	3.	3.

Taxes Collected by Government		
<i>Federal Government</i>	<i>State Government</i>	<i>Local Government</i>
1.	1.	1.
2.	2.	2.
3.	3.	3.

ACTIVITY 24

The Story of Blue Jeans and the Gold Rush



Over 100 years ago, gold was discovered in California. People from all over rushed out West to see if they could find this precious mineral. Because so many people came to California, new towns grew up everywhere.

The people who were looking for gold came with little money or supplies. They needed to buy tools, pack mules, tents, cooking utensils, food, and clothing. Some people found gold and became rich. Others found nothing and lost all their money.

People who had goods to sell were able to ask a high price for those goods. The quantity demanded was very high, and because there were few stores, the quantity supplied was low. One man who made a lot of money during the gold rush never looked for gold. Instead, he made something that all of the miners wanted. He made blue jeans.

Levi Strauss made tents and wagon covers in San Francisco. A miner suggested that he make pants from the same canvas used in his tents because the cloth was tough and sturdy. Another miner suggested that Strauss add rivets to the pockets to prevent tearing when the miner stuffed his nuggets into his pockets. These pants, called denims, were a great success and became known as "Levi's." They were worn by ranchers, farmers, and cowboys throughout the West.

Today the Levi Strauss Company is the world's largest clothing manufacturer.

And to think it all started with a pair of blue jeans.

ACTIVITY 25

Demand and Supply of Jeans

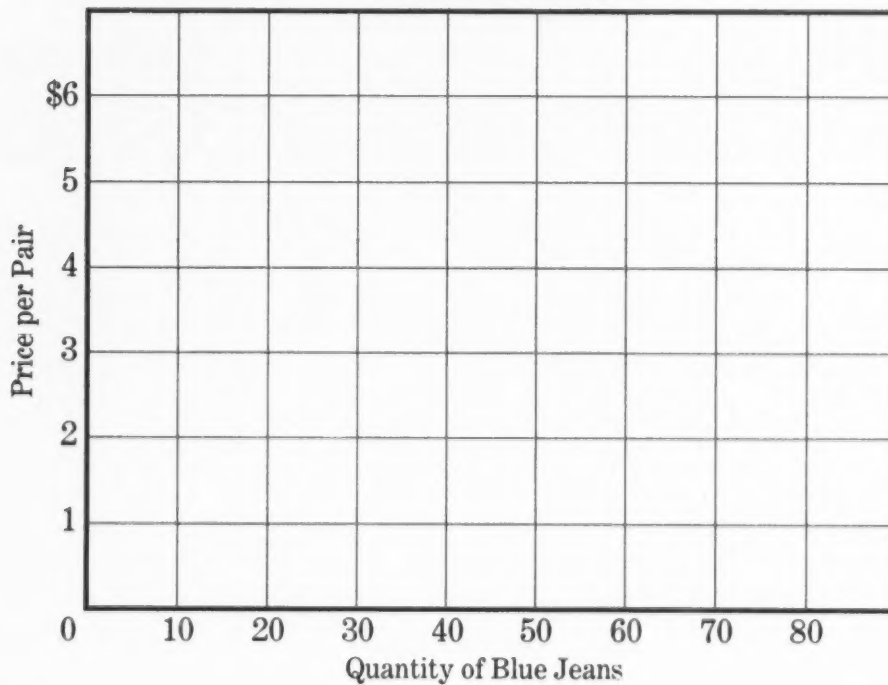
Supply Schedule

Price	\$2	\$3	\$4	\$5	\$6
Quantity Supplied	20	30	40	50	60

Demand Schedule

Price	\$2	\$3	\$4	\$5	\$6
Quantity Demanded	80	60	40	20	10

Blue Jean Market



ACTIVITY 26

Incentive Scorecard

Week # _____

Group 1	# of As X 5 =	# of Bs X 3 =	# of Completed Homeworks X 2 =	Total # of Points
Group 2	# of As X 5 =	# of Bs X 3 =	# of Completed Homeworks X 2 =	Total # of Points
Group 3	# of As X 5 =	# of Bs X 3 =	# of Completed Homeworks X 2 =	Total # of Points
Group 4	# of As X 5 =	# of Bs X 3 =	# of Completed Homeworks X 2 =	Total # of Points
Group 5	# of As X 5 =	# of Bs X 3 =	# of Completed Homeworks X 2 =	Total # of Points

ACTIVITY 27

Human Capital Survey

Adult Worker #1

Adult Worker #2

Adult Worker #3

Job Title:

1. What education or training did you need for this job?

2. What skills do you have that help you do this job?

3. How could improving your skills or knowledge help you do a better job?

ACTIVITY 28

My Human Capital

Nonpay Rewards			
Pay			
Skills			
Education/ Training			
Job	1.	2.	3.

ACTIVITY 29

Orange Juice Jubilee

Mrs. Jubilee liked to make things in her kitchen. One of her favorite things to make was a special, refreshing drink she called Orange Juice Jubilee. All her friends and family liked the drink so much they thought she should go into business selling Orange Juice Jubilee.

"Starting a new company sounds exciting, but I know it's a lot of hard work," said Mrs. Jubilee to her husband. "Yes, it is," replied Mr. Jubilee. "But you have a product that so many people like and want. Why not give it a try?"

"Well, first I have to form a company and select a board of directors. They would help me make decisions about borrowing money and starting production," Mrs. Jubilee thought aloud. "Why do you need to borrow money? You never needed much money when you made your juice in the kitchen," stated Mr. Jubilee.

"That's true," she answered, "but I was only making a small amount of juice, and I used money from my food budget for the ingredients. To make enough for all of my customers I will need more resources, such as oranges and milk, blenders and pitchers, and workers. I will need to borrow money to pay for these resources."

Mr. Jubilee was thoughtful. "That's very true, dear. I hope you also realize you will have to pay interest on the money you borrow, and you will have to put up something that is worth as much as your loan for collateral."

"Yes, I know that," she said. "The bank will charge me eight percent interest to borrow money. That means that I have to pay them \$1.08 for each dollar I borrow. Since I want to borrow \$100, I am going to offer my new sewing machine as collateral. I won't have time to sew when my business gets going."

"Now, what about the workers you mentioned? How will you find good workers?" asked Mr. Jubilee. "I will advertise for the jobs I have open," replied his wife. "Workers will apply and describe their education and skills. That will help me decide who is best for each position. In my company we will let the workers specialize in the areas that they do best. That way, we will make the best use of their human capital for the company."

"Well, you certainly have a lot of work to do," Mr. Jubilee said. "I know. After I hire my workers I will need to have some of them check prices for productive resources, while other workers survey the customers to see how much Orange Juice Jubilee they are willing and able to buy at different prices. In our type of market economy, it is very important to see how supply and demand determine price," she said as she looked over her kitchen.

Could I ask you just one more thing?" asked Mr. Jubilee. "Yes, of course," beamed his wife. "Would you make me one last pitcher of Orange Juice Jubilee before I have to pay for it?"

ACTIVITY 30

Help Wanted List

Advertising Staff (3 positions)

Students who are creative with words and art and can produce slogans and posters.

Accountants (2 positions)

Students who are good at math and can keep accurate records of money.

Marketing Agents (4 positions)

Students who know how to conduct surveys and analyze and present results.

Comparison Shoppers (4 positions)

Students who can get to supermarkets easily and keep accurate records.

Quality Control Inspector (1 position)

Students who have good observation skills and can communicate well with workers.

Maintenance Staff (2 positions)

Students who can keep areas clean and orderly.

Delivery Persons (2 positions)

Students who are reliable and can follow directions.

Store Clerks (3 positions)

Students who are courteous and know how to make change quickly.

Preparers (4 positions)

Students who can follow directions and work well with others.

ACTIVITY 31

Job Acceptance Letter

Dear _____,

We are happy to offer you a job as _____
in our Orange Juice Jubilee Company.

Your responsibilities will include the following:

1. _____
2. _____
3. _____

Please be prepared to begin work on _____.

Congratulations.

Sincerely,

ACTIVITY 32

Comparison Shopping

	Market #1	Market #2	Market #3	Market #4
Four 6 oz. cans frozen orange juice				
1 quart milk				
One 16 oz. box sugar				
2 oz. bottle vanilla extract				

(The above raw materials will produce four 32 oz. pitchers of Orange Juice Jubilee.)

ACTIVITY 33

Demand and Supply Schedules

Demand Schedule

	0 Cups	1 Cup	2 Cups	3 Cups
\$ 1.25 each				
\$ 1.00 each				
\$.75 each				
\$.50 each				
\$.25 each				

Supply Schedule

	0 Cups	1 Cup	2 Cups	3 Cups
\$ 1.25 each				
\$ 1.00 each				
\$.75 each				
\$.50 each				
\$.25 each				

ACTIVITY 34

Accountant's Worksheet

Cost to make four 32 oz. pitchers of Orange Juice Jubilee.

	Sample	Your Costs
Natural resources (ingredients)	\$ 5.20	\$
Human resources	2.35	2.35
Capital Resources	.45	.45
Total Production Costs	\$	\$

Calculate the total cost of four pitchers of Orange Juice Jubilee.

(Sample: $\$5.20 + 2.35 + .45 = \$$ _____)

(Your Costs: $\$$ _____ $+ 2.35 + .45 = \$$ _____)

How many total ounces of Orange Juice Jubilee will four pitchers make?

($4 \times 32 = ?$)

How many eight ounce servings can be made from four pitchers of Orange Juice Jubilee?

($128 \div 8 = ?$)

If four pitchers cost \$ _____ to make and can make _____ servings, how much will one serving cost?

(Sample: $\$8.00 \div 16 = \$$ _____)

(Your Costs: $\$$ _____ $\div 16 = \$$ _____)

ACTIVITY 35

Economic Concepts

Draw a line from each concept to its definition.

A schedule of the quantity consumers are willing and able to buy at various prices

The basic economic problem that occurs because people's wants are unlimited and the resources used to satisfy them are limited

The amount of output of goods and services per unit of inputs of resources

Decisions by one individual influence other individuals and their decisions

The value of a good or service stated in money terms

opportunity cost

scarcity

productivity

interdependence

money

market economy

human capital

supply

demand

price

The highest valued alternative that is given up when one makes a decision

An economic system in which most goods and services are exchanged by private households and businesses

A labor resource that can be developed through education and training

A schedule that shows the quantity businesses are willing and able to sell at various prices

A medium of exchange

ACTIVITY 36

Financial Report

Costs

Amount of Loan	\$ _____
Interest on Loan	+ \$ _____
Production Costs	+ \$ _____
Total Costs	\$ _____

Revenues

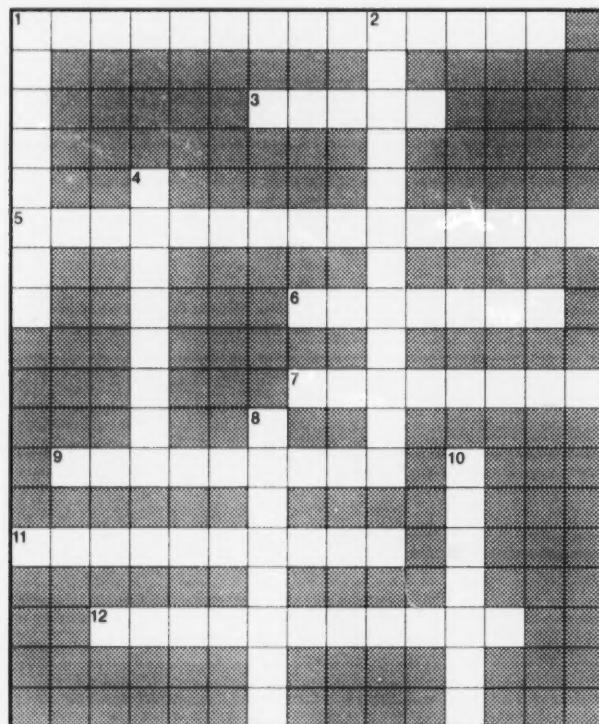
Amount of Sales	\$ _____
Any Additional Revenue	+ \$ _____
Total Revenues	\$ _____

Profit (or Loss)

Total Revenue Received	\$ _____
Minus Total Costs	- \$ _____
Amount of Profit (or Loss)	\$ _____

ACTIVITY 37

Economics Puzzle #1



Across

1. When people produce a smaller number of goods and services than they consume.
3. Human _____ are unlimited.
5. When people are dependent upon one another.
6. _____ resources are called "gifts of nature."
7. _____ of labor is when workers on an assembly line perform only a single or a very few steps in the production process.
9. Our _____ are limited.
11. The creation of goods and services.

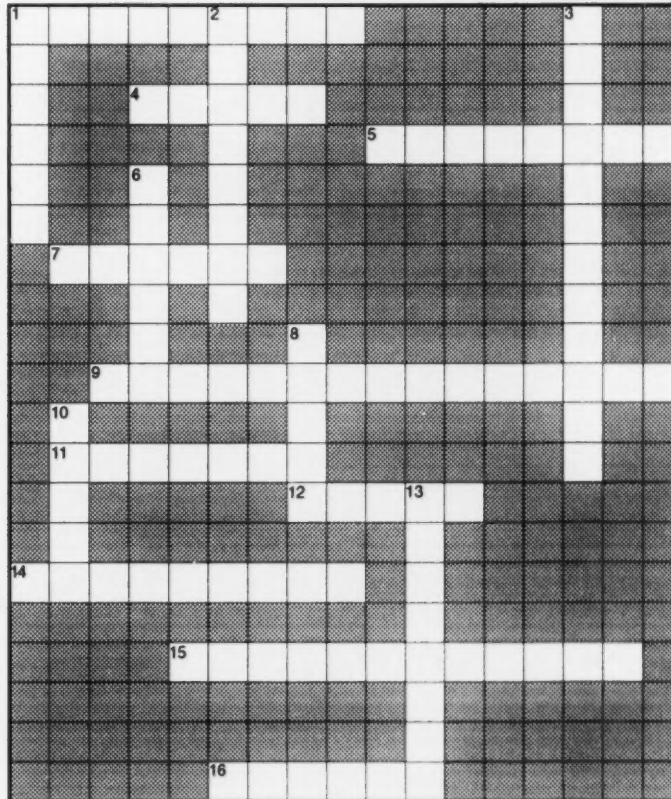
12. _____ cost is your next best choice.

Down

1. This is the basic economic problem.
2. Another word for choices when you face a decision.
4. Something that people do for others.
8. In decision making, your _____ are the things that are important to you.
10. _____ resources are human-made.

ACTIVITY 38

Economics Puzzle #2



Across

1. People who make goods and services.
4. A medium of exchange.
5. _____ taxes are paid on land you own.
7. Direct exchange of goods and services.
9. A function of money (three words).
11. Money that businesses receive for their goods and services.
12. A _____ tax is paid on a good that you buy.
14. _____ are used to produce goods and services.
15. A model that shows the relationship between households and businesses (two words).

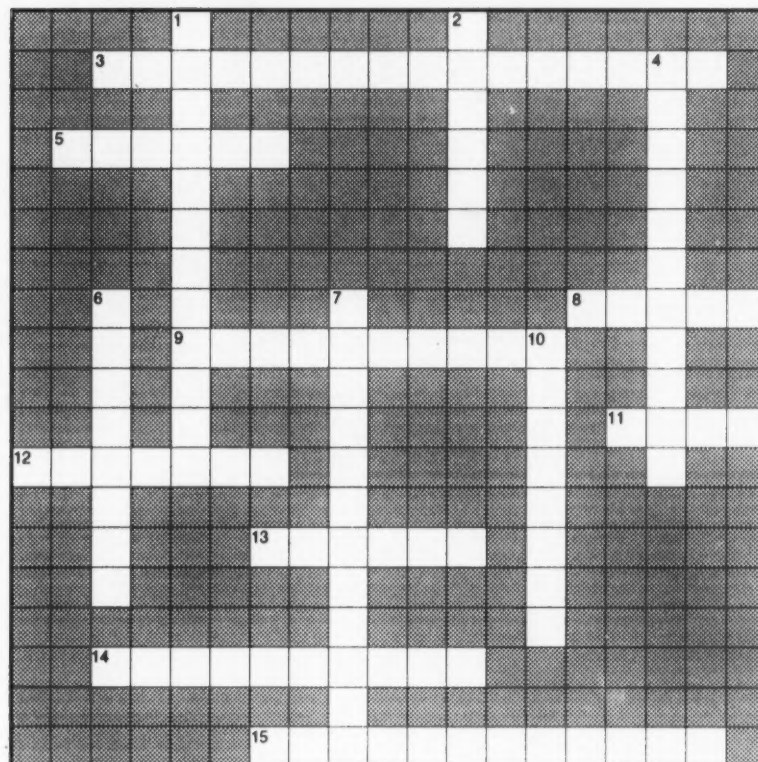
16. An _____ tax is paid on money that you earn.

Down

1. _____ is the difference between revenue and costs of producing or selling a good or service.
2. A person who buys goods and services.
3. A function of money (three words).
6. A setting in which people can buy goods and services.
8. Governments collect monies to pay for the goods and services it provides by making people pay _____.
10. _____ is the value of a good or service stated in money terms.
13. Medium of _____, a function of money.

ACTIVITY 39

Economics Puzzle #3



Across

3. Price at which quantity demanded by buyers equals quantity supplied by sellers.
5. Shows quantities people are willing and able to buy at different prices.
8. _____ helps state the value of a good in money terms.
9. Things used to motivate people.
11. People _____ in jobs to produce goods and services.
12. If the quantity supplied exceeds the quantity demanded of a good, there is a _____.
13. Revenues of a business minus its costs of production equal its _____.
14. _____ is used to guarantee the repayment of a loan.

15. The human resource that assumes the risk of organizing other productive resources to produce goods and services.

Down

1. Can be developed through education and training (two words).
2. Shows quantities businesses are willing and able to sell at different prices.
4. _____ refers to the ways in which businesses use prices, advertising, and other methods to gain more customers and to earn higher profits.
6. Payments made for the use of borrowed or loaned money.
7. Situation when people are out of work, but looking for a job.
10. If the quantity demanded exceeds the quantity supplied of a good, there is a _____.

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